

# Tō tātou haerenga Our journey

Tough decisions, strong future

Te Mahere Wā-Roa  
Long-term Plan 2021-2031



environment  
**SOUTHLAND**  
REGIONAL COUNCIL  
Te Taiao Tonga



Ka haea te ata  
Ka hāpara te ata  
Ka korokī te manu  
Ka wairori te ngutu  
Ko te ata nui  
Ka horahia  
Ka tangi te umere a ngā  
tamariki  
He awatea

*The daybreak comes forth  
The birds sing  
Welcoming the great day  
Spread before us  
Joy unfolds  
Behold a new day*

*Source: Te Tangi a Taura, 2008*

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30 July 2021



# Contents

## *Rārangi Take*

### Introduction | Whakataki

2	Foreword
5	Providing strategic direction
7	Community Outcomes
8	Audit Opinion

### Activities we are involved in | Mahi-ā-Rōpu

13	Groups of Activities
42	Involving Māori in our decision-making

### Strategies | Ngā Rautaki

47	Financial Strategy
56	Infrastructure Strategy

### Financial Information | Pūtea

81	Prospective Financial Statements
86	Disclosure Statement
89	Funding Impact Statement
103	Schedule of Reserve Fund Movement
104	Significant Forecasting Assumptions
110	Council-controlled Organisations

### Key Policies | Kaupapa Here

115	Revenue and Financing Policy
122	Statement of Accounting Policies
131	Summary of Significance and Engagement Policy

### Supporting Information | Tautoko Pārongo

can be accessed on [www.es.govt.nz](http://www.es.govt.nz)

Summary of Consultation Process – (web link)  
Planning Processes for Environment Southland – (web link)  
Ongoing collaboration within local government – (web link)  
Funding Needs Analysis – (web [link](#))  
Financial Contributions Policy – (web link)  
Treasury Policy – (web link)  
Rates Remission and Postponement of Rates on Māori Freehold Land Policy – (web link)  
Equal Employment Opportunities – (web link)  
Health, Safety and Wellbeing in the Workplace – (web link)

### SEPARATE PUBLICATION

**Fees and Charges Schedule 2021/22 – see [www.es.govt.nz](http://www.es.govt.nz)**

# Foreword

Kia ora and welcome to the Council's Long-term Plan 2021-2031 - *Tō tātou haerenga* – Our Journey.

This plan has been developed in consultation with you, our community. We've listened to your expectations and your hopes for the future, especially around improving our freshwater for future generations and building our climate resilience.

Making a plan for the next 10 years in a time of global uncertainty has not been an easy task, but as a Council we know now is the time to make a strong plan to ensure we are in the best place possible to meet our commitments to the Murihiku Southland community – for now and our future.

The Long-term Plan addresses several of the key challenges we face, including our significant loss of income as a result of the COVID-19 pandemic, the need to upgrade our technology and the increasing amount of work we need to deliver, particularly in relation to the Government's freshwater package and expectations around managing the impacts of climate change.

We continue to face uncertainties on a local, national and global scale. The loss of marine fees from visiting cruise ships has had a major effect on our income and this will take some time to return.

COVID-19 and the 2020 floods reminded us of both our vulnerability and our resilience. The flooding was also a valuable reminder of the good decisions made by our predecessors to invest in protecting the region. Community and government expectations around improving freshwater are increasing and our estuaries need action now. Change will take a generation, so we are planning for the long-term but we can't afford to wait.

We need to have a lifeline to deal with emergencies and to ensure we are planning and resourcing for known changes like climate change, and for the unknown changes we are likely to face, such as disasters and the effects of the ongoing pandemic.

Financial reserves are essential to ensuring long-term resilience and securing our future as a thriving region. Your councillors and I have not gone into this Long-term Plan lightly. We fully understand the ongoing challenges our communities are facing, so we've looked long and hard at everything we do. We recognise we need to invest in the future and that change needs to be made. Ensuring the future for people, their property and our economy is at the heart of everything we do. We are willing and capable of leading the changes necessary and the 2021-2031 Long-term Plan forms the basis of that.

We've listened to your feedback from the consultation process and taken it all into consideration. We have resolved to maintain the preferred option for rates at an average 20% increase for the first year, followed by 5% increases for the next three years. We've also made some other changes, including allocating additional expenditure for some river projects and committing to a grant of \$106,200 per annum for the next three years for Predator Free Southland.

This plan lays out our work and budget for the next 10 years. We have a clear sense of direction – where we need to go and how we need to get there. We know that some of the decisions we are making will have implications that might seem tough, but our goal is to provide certainty for future years. This is a journey and together we will be successful.

The full Long-term Plan 2021-2031 is available on our website and from our office, as is the corresponding consultation document, which provides summary information on the significant issues.



*Ngā mihi nui*  
Nicol Horrell, Chairman, Environment Southland



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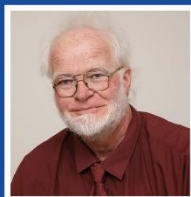
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**Constituency Map**





# Environment Southland's 2021-2031 Strategic Intent

## Our Vision

*thriving* Southland ..te taurikura o Murihiku

## Our Mission

Working with the community to enhance Murihiku Southland's environment.

## Our Outcomes

The outcomes below are high level targets, strongly based in our organisational values, which rely on achieving a number of shifts and practices in the way we operate. Each of our programmes will demonstrate linkage to one or more outcomes.

By 2031:

- managed access to quality natural resources;
- diverse opportunities to make a living;
- communities empowered and resilient;
- communities expressing their diversity.

## Our Role

We both lead and partner with others to foster our region's natural resources and ecosystems and strong connections to communities, enabling them to access and use those resources well into the future.

## How we will make it work

To make this work, we need to make some shifts or changes in the way we do things in order to achieve the identified outcomes. The core elements of our approach are shown in the diagram.

## The underlying principles we intend to use

- **Rerekētanga (Innovation)**  
*To stimulate the pace of innovation and behaviour change through the active uptake of science, technology and best practice in natural resource use.*
- **Nga Aranui (Pathways)**  
*To support people to take opportunities to make a living from the region's natural resource base.*
- **Whakatakoko (Accessibility)**  
*To enhance access to knowledge and information for Southlanders to make sound decisions.*

We will activate these shifts and principles by using our values and culture to change our engagement, connectivity and knowledge access approaches, while staying adaptable and responsive to community needs.

### Engagement

**Essence of approach:**  
*Building trust and confidence from shared understanding.*

- ▶ Connection with communities
- ▶ Choosing the best way and timing to engage for the situation
- ▶ Explore opportunities to partner with others
- ▶ Building relationships

### Connectivity

**Essence of approach:** *Thinking holistically.*

- ▶ Recognising that things in the biosphere are linked one to another
- ▶ Seeing the broader picture and the connections
- ▶ Seeking multi-dimensional solutions to complex problems

### Investment in the future

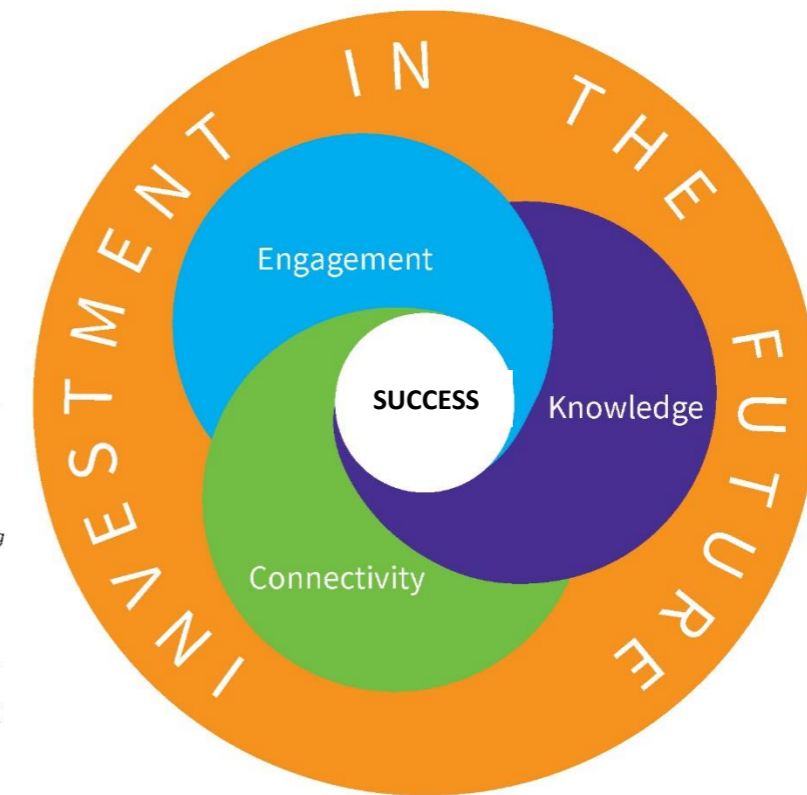
**Essence of approach:**  
*Investment across the spectrum of capability, not just Environment Southland's own operations.*

- ▶ Future focused
- ▶ Investing in the right people
- ▶ Actions and programmes implemented efficiently
- ▶ Sharing resourcing

### Knowledge

**Essence of approach:**  
*Generating and utilising knowledge and solutions.*

- ▶ Utilising intellectual property and range of knowledge sources
- ▶ Generating knowledge and understanding
- ▶ Building knowledge through data analysis and sharing



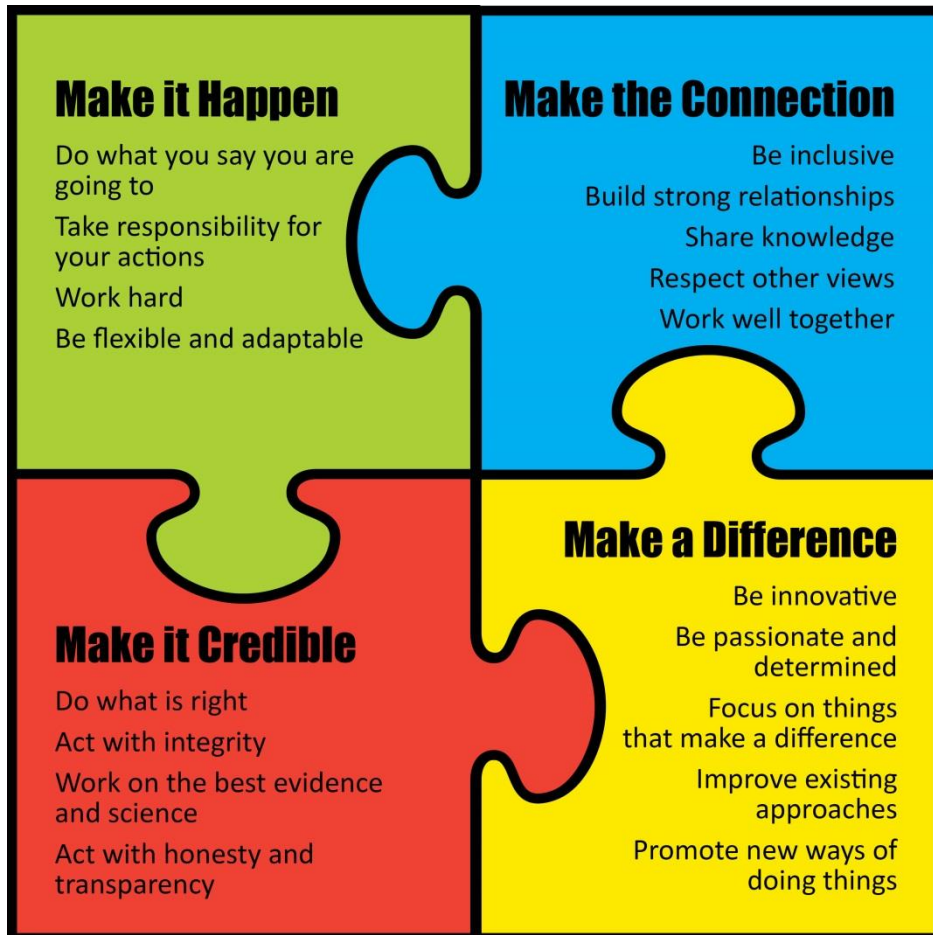
Environment Southland will draw on the wider resources from inside and outside the region to assist. It will need other parties to make tangible contributions through information, skills, finance and personnel, which would be aligned to ensure a consistent and purposeful approach.

Strong connection with communities and resource users will be essential, along with the correct set of skills, capabilities, technologies and knowledge.

- **Kaitiakitanga (Guardianship/Stewardship)**  
*To promote kaitiakitanga as the guiding principle that drives our actions and resource use in the region.*
- **Whakapono (Trust)**  
*To retain community trust and confidence.*
- **Whakamau (Efficiency)**  
*To encourage the efficient use of all resources.*
- **Whakararu mahi (Risk management)**  
*To provide information and systems to build the region's resilience to cope with biosecurity threats and adverse natural events.*

## OUR VALUES

The key values that underpin and reflect the strategic approach and internal culture of Environment Southland are shown in the following diagram.



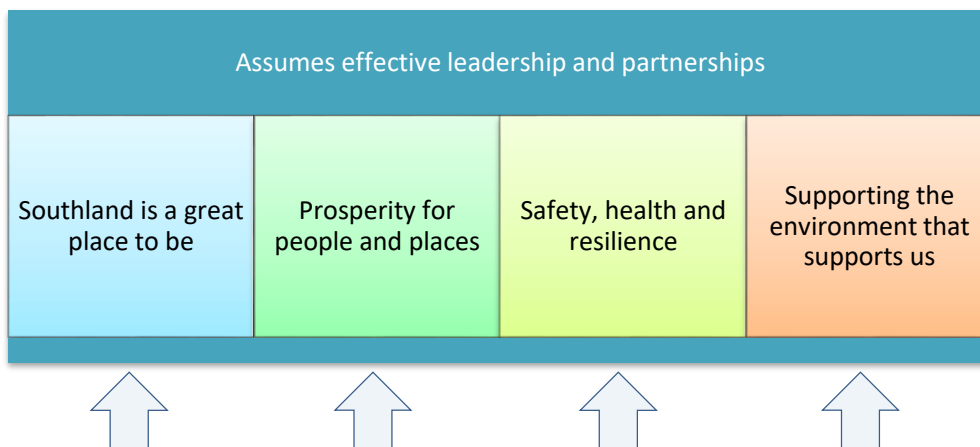


# Community Outcomes

## Ngā hua hapori

### Community Aspirations

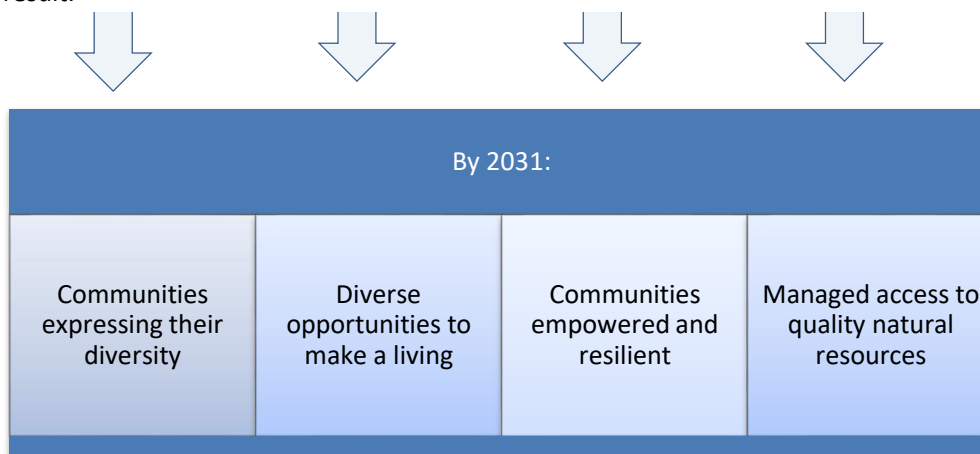
The four community aspirations shown have been distilled from the former “Our Way Southland” (2003) community outcomes and have been used since then as guiding principles in Long-term Plans and Annual Plans. The following four community aspirations are current and relevant for today and incorporate similar sentiments that were revealed through the Southland Regional Development Strategy (SoRDS, 2015) project. It assumes that effective leadership and partnerships are required to assist the aspirations to be realised.



### Community Outcomes

The Local Government Act 2002 (LGA) definition of council outcomes are in effect, “community outcomes” - the Council's planned contributions to meet good quality local infrastructure, local public services and performance of regulatory functions. Local authorities can decide for themselves how to determine that contribution in a way that meets the community outcomes purpose set out in the LGA.

Environment Southland’s Strategic Intent picks up on the themes from those wider regional aspirations and creates its own strategic outcomes to align with those community aspirations. Community outcomes are the result.



Environment Southland’s contributions to these Community Outcomes are set out in the Groups of Activities Chapter.

# Audit Opinion



*To the reader:*

## **INDEPENDENT AUDITOR'S REPORT ON ENVIRONMENT SOUTHLAND'S 2021-2031 LONG-TERM PLAN**

I am the Auditor-General's appointed auditor for Environment Southland (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Deloitte Limited. We completed our report on 30 July 2021.

### ***Opinion***

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 86 to 88 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

### ***Emphasis of Matter***

Page 135 states the Council failed to adopt the plan before the commencement of the first year to which it relates. This is a breach of section 93(3) of the Local Government Act 2002.

### ***Basis of opinion***

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the approach taken by the Council to maintain its assets is reasonable, given the types of asset infrastructure owned by the Council.
- the information in the plan is based on materially complete and reliable information;



- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

***Responsibilities of the Council and auditor***

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

***Independence and quality control***

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

Mike Hawken, for Deloitte Limited

On behalf of the Auditor-General, Dunedin, New Zealand





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**ACTIVITIES** WE  
ARE INVOLVED IN

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# Groups of Activities

## Ngā Rōpū Tūmahi

### AIR QUALITY

The quality of our air directly impacts the quality of our lives, our health and wellbeing, and the environment. Our air quality is degraded when pollutants from human activities are released into the air. These pollutants may be from domestic fires, industrial activities, motor vehicles, farming activities and outdoor burning. In our urban areas during the winter, domestic fires are the main cause of poor air quality. Poor air quality is associated with numerous health problems - particularly for our most vulnerable, including older people, children and those with existing respiratory conditions such as asthma.

Councils are required to monitor the air quality in locations where the National Environmental Standards for Air Quality (NESAQ) are likely to be exceeded by the greatest amount and people are exposed. The Resource Management Act 1991 (RMA) requires councils to monitor the state of the environment and regulate discharges of contaminants to air to help maintain air quality for their communities.

Murihiku Southland currently has three airsheds - Invercargill, Gore and rest of Murihiku Southland. Monitoring of these airsheds shows air quality standards being regularly exceeded in Invercargill and Gore because of home heating. Complaints are also received about smoke from domestic heating and outdoor burning, as well as dust and odour.

The NESAQ is due to be reviewed and updated over the next few years. This will have an impact on the air quality standards for Murihiku Southland airsheds and will require Council to update its Regional Air Plan to reflect the changes.

### WHAT WE ARE WANTING TO ACHIEVE

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to improve the region's air quality by improving heating, insulation and burning practices across the region.

### WHAT WE WILL DO

This section describes the key activities that Council undertakes to help improve the region's air quality, what you can expect from us in delivering those activities and how our performance will be measured.

#### Regulation and Planning Activity

This activity focuses on the Council's regional planning, regulatory and compliance activities under the RMA. For example, ensuring the region has an Air Plan that is easy to understand, complies with NESAQ and is practical to implement and enforce.

A key focus for this activity in the next few years is to review and update the Regional Air Plan once the new NESAQ are released.

Level of service: Fully operative Regional Air Plan covering all emissions sources and compliance with NESAQ					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Proportion of the Regional Air Plan that is compliant with the NESAQ	100% compliant with current NESAQ requirements	100%	100%	100%	New NESAQ requirements met by 2024

### Science, Research and Monitoring Activity

This activity focuses on the Council's monitoring of air quality in the Invercargill and Gore airsheds where it is currently required to monitor PM<sub>10</sub> emissions. This activity includes research undertaken by the Council to understand which interventions are most effective in helping the adoption of clean heating practices.

Level of service: Our air quality work programme is based on data and research					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Compliance with NESAQ requirements for airshed monitoring and reporting	100%	100%	100%	100%	100%

### Community Engagement and Education Activity

Council produces educational material to help inform the community about air quality issues in the region and what they can do to improve it. This includes producing the state of the environment reports, sharing research findings on the Council's website and sharing information produced by other organisations.

Level of service: Highly visible and engaging education programme about the region's air quality and how it can be improved					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Percentage of surveyed residents who have adopted practices that improve air quality in the region	New measure	Baseline established by 30 June 2022	No less than 2021/22 result	No less than 2022/23 result	No less than prior year's result

## Partnerships Activity

Council works collaboratively with iwi, territorial authorities, community groups, agencies, homeowners and businesses to develop and implement solutions for improving air quality in the region. This includes the Clean Air Loan Scheme and ongoing work with the Southland Warm Homes Trust.

Level of service: A home heating scheme that is effective in supporting Murihiku Southland households to adopt clean heating					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Effective home heating scheme is reviewed and implemented	New measure	Review of existing scheme is completed by 30 June 2022	Recommendations from the review of the heating scheme are in place by 30 June 2023, including the establishment of targets for the number of households accessing the scheme	Annual target number of households accessing the home heating scheme is achieved	



Funding Impact Statement - Air

Annual Plan 2020/21	LTP 21-31 2021/22	LTP 21-31 2022/23	LTP 21-31 2023/24	LTP 21-31 2024/25	LTP 21-31 2025/26	LTP 21-31 2026/27	LTP 21-31 2027/28	LTP 21-31 2028/29	LTP 21-31 2029/30	LTP 21-31 2030/31
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
0 General rates, uniform annual charges, rates penalties	240	250	262	272	281	291	301	311	321	331
0 Targeted rates	0	0	0	0	0	0	0	0	0	0
6 Fees and charges	8	8	8	8	9	9	9	9	9	10
0 Internal Charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
0 Local authorities fuel tax, fines, infringement fees and other recei	75	74	72	70	69	68	67	66	64	63
0 Subsidies and Grants	0	0	0	0	0	0	0	0	0	0
<b>6 Total Operating Funding</b>	<b>322</b>	<b>332</b>	<b>342</b>	<b>351</b>	<b>359</b>	<b>368</b>	<b>377</b>	<b>385</b>	<b>394</b>	<b>403</b>
<b>Applications of Operating Funding</b>										
92 Payments to staff and suppliers	97	100	103	106	109	111	114	117	120	122
1 Financing Costs	1	2	2	2	2	1	0	0	0	0
0 Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
289 Other operating funding applications	231	238	245	251	258	265	272	278	285	291
<b>382 Total Applications of Operating Funding</b>	<b>329</b>	<b>340</b>	<b>350</b>	<b>359</b>	<b>369</b>	<b>377</b>	<b>386</b>	<b>395</b>	<b>405</b>	<b>414</b>
<b>(375) Surplus/(deficit) of operating funding</b>	<b>(7)</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>(9)</b>	<b>(9)</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>	<b>(11)</b>
<b>Sources of capital funding</b>										
0 Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0 Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0 Increase / (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0 Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
0 Gross proceeds from the sale of assets	0	0	0	0	0	0	0	0	0	0
0 Lump sum contributions	0	0	0	0	0	0	0	0	0	0
<b>0 Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>										
Capital expenditure										
0 - to meet additional demand	0	0	0	0	0	0	0	0	0	0
0 - to improve the level of service	0	0	0	0	0	0	0	0	0	0
0 - to replace existing assets	0	0	0	0	0	0	0	0	0	0
(349) Increase/(decrease) in Reserves	(3)	(4)	(5)	(5)	(6)	(7)	(7)	(8)	(8)	(9)
(26) Increase/(decrease) in Investments	(4)	(4)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)
<b>(375) Total applications of capital funding</b>	<b>(7)</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>(9)</b>	<b>(9)</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>	<b>(11)</b>
<b>(375) Surplus/(deficit) of capital funding</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>
<b>(0) Funding Balance</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

## WATER AND LAND

Managing our water and land resources in a sustainable way is crucial for ongoing social, economic, environmental and cultural wellbeing of Murihiku Southland communities. Fundamental to this is giving effect to the National Policy Statement for Freshwater Management 2020 (NPSFM) requirement to manage freshwater in a way that gives effect to Te Mana o te Wai (the mana of the water). This recognises that protecting the health of freshwater protects the health and wellbeing of the wider environment.

Land development and economic growth over many decades have led to poor ecosystem health in many waterways, especially in the developed parts of the region. Many lowland waterways are unsafe for people to enjoy, swim in and eat and drink from. Key metrics Environment Southland monitors that indicate the need to take action to protect future generations include:

- **Groundwater:** up to 35% of groundwater monitoring sites across Murihiku Southland do not meet drinking water standards in relation to nitrogen and/or microbial contamination. The widespread nitrogen contamination of groundwater also contributes to poor water quality and ecosystem health outcomes particularly in the lower parts of the streams and rivers of Murihiku Southland;
- **Streams and rivers:** up to 72% of lowland and 7% of upland rivers in Murihiku Southland (excluding Fiordland) are considered degraded with respect to *E. coli*;
- **Lakes:** water quality in brackish lakes and lowland shallow lakes is in a fair to poor state, whilst the deep glacial lakes are in very good condition. Invasive macrophytes, such as didymo, are in several Murihiku Southland lakes including the deep glacial lakes (Te Anau and Manapouri);
- **Estuaries:** three of the seven monitored estuaries are experiencing nuisance macroalgal blooms and fine sediment problems which has resulted in sea grass loss. Freshwater Estuary on Rakuria Stewart Island is in very good condition. The catchment of this estuary has 100% indigenous vegetation cover;
- **Land:** Land development has contributed a disproportionate amount to the overall contaminant load in Murihiku Southland. As such, the land used for this purpose and its ongoing contribution needs to be actively monitored, minimised, and managed. Urban and industrial discharges also need continued management.

A key focus for this group of activities will be empowering the community to improve water and land quality, alongside the implementation of NPSFM and National Environmental Standards for Freshwater (NES-FW).

### WHAT WE ARE WANTING TO ACHIEVE

Over the next 10 years, in partnership with iwi, the Council will work with communities, other councils and organisations towards achieving Murihiku Southland's goals for freshwater and estuaries through integrated water and land management across catchments.

### WHAT WE WILL DO

This section describes the key activities that the Council undertakes to achieve the outcomes for water and land, what you can expect from us in delivering those activities and how our performance will be measured.

#### Regulation and Planning Activity

This activity focuses on the Council's regional planning, regulatory and compliance activities under the RMA, NPSFM, NES-FW and LGA.

A key focus for this activity in the next few years is to work with the community to implement the NPSFM requirements. This will include the notification of a plan change to the proposed Southland Water and Land Plan (SWLP). The Regional Forum of community representatives that has been established will provide advice to governance on potential methods and limits to include within the plan change.

Level of service: Methods and limits in place across water takes and discharges to achieve the communities' environmental outcomes					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Implementation of the NPSFM via the notification of a plan change to the proposed Southland Water and Land Plan	New measure	Regional Forum meets at least four times annually to progress advice on methods and limits to achieve draft environmental outcomes  Development of a plan change	Regional Forum provides final advice on methods and limits  Development of a plan change	Plan change notified	Plan becomes operative 2 years after notification

### Science, Research and Monitoring Activity

This activity provides access to water and land information. It includes advice on environmental state and trends from long-term environmental monitoring programmes. In addition, science and research is undertaken on the water and land resources of the region and how best to manage these.

Key projects for this activity for this Long-term Plan include:

- establishing methods to monitor progress towards environmental outcomes including mātauranga Māori and health of indigenous flora and fauna;
- developing, operating and maintaining a freshwater accounting system for water quality and quantity to provide baseline information for setting target attribute states, flows and limits, assessing over-allocation and tracking cumulative effects of activities.

Level of service: A clear picture of the state of our environment and where further action is needed					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Establishing a comprehensive freshwater accounting system	New measure	Project plan for establishing a freshwater accounting system completed	Freshwater accounting system is live from 30 June 2023	System maintained in accordance with the National Policy Statement for Freshwater	System maintained in accordance with the National Policy Statement for Freshwater
State of the Environment data updated and published on Environment Southland and Land Air Water Aotearoa websites at least once a year	New measure	Achieved	Achieved	Achieved	Achieved
Develop and monitor Mātauranga Māori monitoring programme	New measure	Monitoring framework and targets	Annual monitoring programme	Annual monitoring programme	Annual monitoring



Level of service: A clear picture of the state of our environment and where further action is needed					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
		developed in partnership with Te Ao Marama Inc and papatipu rūnanga	target achieved	target achieved	programme target achieved

### Community Engagement and Education Activity

Working with the individuals, community groups, schools and other agencies to raise awareness and understanding of environmental issues and empower action. The Council intends to move to an integrated catchment management approach for this activity during the period covered by this Long-term Plan (LTP).

Key projects for this activity for this LTP include:

- **People, Water and Land Te Mana o te Tangata, te Wai, te Whenua** – a partnership programme with Te Ao Marama Inc (the Ngāi Tahu ki Murihiku natural resource agency) to improve Murihiku Southland’s water and land;
- **Enviroschools** – a programme that takes a whole of school approach to environmental education.

Level of service: Highly visible and engaging programme that empowers the community to be innovative and contribute to achieving healthy water and ecosystems					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Effective engagement with community groups and individuals	New measure	Establish methodology for measuring the effectiveness of our engagement with community groups and individuals	Baseline established	No less than prior year	No less than prior year

### Partnerships Activity

This activity works with others to support on the ground action and new ways of working to improve water and land. To achieve the environmental outcomes for freshwater and estuaries sought by the community and iwi over a generation (a state of hauora *wellbeing* over a 25-30 year period), an integrated catchment management approach with 5-yearly steps is proposed to be co-developed in partnership with other organisations such as Te Ao Marama Inc and Thriving Southland<sup>1</sup>.

Environment Southland and Te Ao Marama Inc’s overarching programme to improve water and land in the region is the **People Water and Land programme Te Mana o te Tangata, te Wai, te Whenua**. Other partnership projects include:

- **Whakamana te Waituna** – a project to restore the mana of the Waituna catchment and wetlands;
- **Aparima Community Environment (ACE)** – farmer leaders supported by agencies with a vision to build and support the resilience of the Aparima area.

<sup>1</sup> A community-led group that is working with the community to drive positive change in the primary sector in Murihiku Southland, by working with farmers and supporting catchment groups.

Level of service: Council works in partnership with iwi, community groups, businesses, government agencies and councils to deliver projects that improve Murihiku Southland's water and land ecosystems

Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Co-design and implement a hauora approach to integrated catchment management that provides a stepped approach to achieving an iwi and community vision when giving effect to Te Mana o te Wai in the region	New measure	Completion of project plan	Project milestones achieved	Project milestones achieved	Project milestones achieved

Funding Impact Statement - Water and Land

Annual Plan 2020/21	LTP 21-31 2021/22	LTP 21-31 2022/23	LTP 21-31 2023/24	LTP 21-31 2024/25	LTP 21-31 2025/26	LTP 21-31 2026/27	LTP 21-31 2027/28	LTP 21-31 2028/29	LTP 21-31 2029/30	LTP 21-31 2030/31
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
3,160 General rates, uniform annual charges, rates penalties	4,956	5,251	5,835	6,328	6,984	7,515	8,056	8,643	9,270	9,964
2,059 Targeted rates	2,314	2,379	2,450	2,515	2,580	2,640	2,703	2,766	2,829	2,888
1,159 Fees and charges	1,464	1,508	1,551	1,595	1,639	1,679	1,723	1,765	1,808	1,847
0 Internal Charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
1,281 Local authorities fuel tax, fines, infringement fees and other recei	1,541	1,549	1,600	1,629	1,720	1,770	1,817	1,869	1,923	1,984
0 Subsidies and Grants	0	0	0	0	0	0	0	0	0	0
<b>7,659 Total Operating Funding</b>	<b>10,275</b>	<b>10,688</b>	<b>11,436</b>	<b>12,068</b>	<b>12,922</b>	<b>13,603</b>	<b>14,299</b>	<b>15,042</b>	<b>15,830</b>	<b>16,683</b>
<b>Applications of Operating Funding</b>										
6,172 Payments to staff and suppliers	8,061	7,958	8,166	8,373	8,584	8,775	8,978	9,174	9,375	9,574
23 Financing Costs	30	52	54	49	39	21	11	6	(0)	(0)
0 Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
4,147 Other operating funding applications	3,219	3,342	3,452	3,563	3,678	3,783	3,899	4,014	4,126	4,222
<b>10,342 Total Applications of Operating Funding</b>	<b>11,311</b>	<b>11,352</b>	<b>11,672</b>	<b>11,985</b>	<b>12,301</b>	<b>12,580</b>	<b>12,887</b>	<b>13,193</b>	<b>13,500</b>	<b>13,796</b>
<b>(2,683) Surplus/(deficit) of operating funding</b>	<b>(1,036)</b>	<b>(664)</b>	<b>(236)</b>	<b>82</b>	<b>621</b>	<b>1,024</b>	<b>1,412</b>	<b>1,849</b>	<b>2,329</b>	<b>2,887</b>
<b>Sources of capital funding</b>										
0 Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0 Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0 Increase / (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0 Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
30 Gross proceeds from the sale of assets	60	45	30	56	56	60	45	30	56	56
0 Lump sum contributions	0	0	0	0	0	0	0	0	0	0
<b>30 Total sources of capital funding</b>	<b>60</b>	<b>45</b>	<b>30</b>	<b>56</b>	<b>56</b>	<b>60</b>	<b>45</b>	<b>30</b>	<b>56</b>	<b>56</b>
<b>Applications of capital funding</b>										
Capital expenditure										
0 - to meet additional demand	0	0	0	0	0	0	0	0	0	0
0 - to improve the level of service	0	0	0	0	0	0	0	0	0	0
184 - to replace existing assets	502	410	380	455	455	462	421	380	455	455
(1,925) Increase/(decrease) in Reserves	(1,445)	(995)	(555)	(292)	254	656	1,073	1,540	1,975	2,537
(912) Increase/(decrease) in Investments	(32)	(34)	(30)	(24)	(31)	(34)	(37)	(40)	(44)	(48)
<b>(2,653) Total applications of capital funding</b>	<b>(976)</b>	<b>(619)</b>	<b>(206)</b>	<b>138</b>	<b>677</b>	<b>1,084</b>	<b>1,457</b>	<b>1,879</b>	<b>2,385</b>	<b>2,943</b>
<b>2,683 Surplus/(deficit) of capital funding</b>	<b>1,036</b>	<b>664</b>	<b>236</b>	<b>(82)</b>	<b>(621)</b>	<b>(1,024)</b>	<b>(1,412)</b>	<b>(1,849)</b>	<b>(2,329)</b>	<b>(2,887)</b>
<b>0 Funding Balance</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>0</b>



## BIOSECURITY AND BIODIVERSITY

This group of activities is about protecting and enhancing the region's biodiversity and natural environment. This includes protecting the environment, economy and community from the adverse impacts of harmful organisms.

**Biodiversity:** Indigenous biodiversity is in decline nationally. While there is no regional monitoring in Murihiku Southland, it is believed to be following the same pattern. The region has at least 60 terrestrial ecosystems, some of which are severely depleted, with less than 10% remaining. Freshwater ecosystems are not fully classified, and the region's marine ecosystems have not been quantified. The region is home to many threatened and at-risk species. Regional biodiversity is at threat from a large range of sources including habitat destruction, fragmentation, introduced species, pollution and climate change.

**Biosecurity:** The Biosecurity Strategy, Regional Pest Management Plan (RPMP) and Fiordland Marine Regional Pathway Management Plan (FMRPMP) focus on minimising the risks associated with pest species. However, there is limited effective surveillance and monitoring to show the exact state of each pest species and if individual objectives are being met. Where there is no activity, pest numbers are increasing and very few species are being actively managed. There are over 200 other species that could be managed. The region is at risk of further incursions from national or international movement. Responsibility sits with the Ministry of Primary Industries for the management of national and international incursions.

In the long-term, climate change will increasingly affect this portfolio. Changes in climate affect habitats and the biodiversity that exists within them. Increasing flood intensity may alter river habitats and warmer temperatures allow new pests to establish.

The Council's biosecurity and biodiversity activities will be significantly increased in the first five years of the plan due to Jobs for Nature funding. This funding is predominately for the creation of jobs; these jobs will be targeted towards achieving biodiversity and biosecurity outcomes including pest plant and animal control, biodiversity work and marine biosecurity.

### WHAT WE ARE WANTING TO ACHIEVE

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to improve and protect the region's biodiversity and actively manage the number of pests in the region.

### WHAT WILL WE DO

This section describes the key activities that Council undertakes to help improve the region's biodiversity and biosecurity, what you can expect from us in delivering those activities and how our performance will be measured.

#### Regulation and Planning Activity

**Biodiversity:** This activity focuses on Environment Southland's function of maintaining indigenous biological diversity (Section 30 of the RMA). This will be achieved through the development of appropriate objectives, policies and methods. In addition, central government has been working towards a new National Biodiversity Strategy and National Policy Statement on Indigenous Biodiversity. The implications of these requirements are yet to be fully understood. As the new requirements become clear, we will work to understand and adopt them. The Regional Sector has a strong focus on active management being a key to maintaining biodiversity.

**Biosecurity:** This activity focuses on the implementation of the RPMP and the FMRPMP under the Biosecurity Act. This designates a range of species as pests, which are managed under work programmes including assisting landowners to deal with them and, where necessary, to apply and enforce rules.

Level of service: Appropriate regulatory tools are in place for the species type and there is a consistent policy framework for managing harmful species					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Council maintains a current RPMP and FMRPMP, develops management plans for new pest incursions and prepares annual reports in accordance with the Biosecurity Act	The RPMP and FMRPMP are operational  Incursion management plans have not been completed  The Annual Report was completed and submitted to Council	The RPMP and FMRPMP remain operational  Incursion management plans are completed for all exclusion species  The Annual Report is submitted to Council	The RPMP and FMRPMP remain operational  Incursion management plans are completed for all exclusion species  The Annual Report is submitted to Council	The RPMP and FMRPMP remain operational  Incursion management plans are completed for all exclusion species  The Annual Report is submitted to Council	The RPMP and FMRPMP remain operational  Incursion management plans have been completed for all exclusion species  The Annual Report is submitted to Council

**Science, Research and Monitoring Activity**

This activity focuses on collecting data to establish a baseline and providing ongoing monitoring of the region’s biodiversity. It also focuses on monitoring the number of pests in the region and early identification of areas where there is heightened risk of incursions.

Level of service: Biodiversity and biosecurity work programmes are based on data and research					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Proportion of the annual biodiversity monitoring programme completed*	5 avian monitoring sites  7 rodent monitoring sites	100%	100%	100%	100%
Proportion of the annual monitoring outlined in the RPMP and FMRPMP Operational Plans completed	90%	100%	100%	100%	100%
Surveillance is carried out at high risk incursion points (as identified by species specific incursion response plans)	New measure	100%	100%	100%	100%

\* This programme may change depending on the requirements of the new National Policy Statement on Indigenous Biodiversity.

**Community Engagement and Education Activity**

This activity focuses on Council’s advisory and complaints service, which includes the provision of information and support for landowners, agencies and industries on effective pest control. It also includes the events and activities run by the Council to raise awareness about biodiversity and biosecurity in the region.

Level of service: Highly visible and engaging education programme about the region's biodiversity					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Effective engagement with community groups and individuals	New measure	Establish methodology for measuring the effectiveness our engagement with community groups and individuals	Baseline established	No less than prior year	No less than prior year

Level of service: Biosecurity advice and assistance is accessible to those who need it					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Proportion of biosecurity service requests that were resolved	100%	100%	100%	100%	100%
Number of landowners receiving a high value area report	39	Increase from previous year	The same or more as previous year	The same or more as previous year	The same or more as previous year

### Partnerships Activity

Partnership projects give the ability to achieve more and at a larger scale than can be done alone. This activity is about the projects that will be delivered with others and the investment made in developing strong relationships across the region.

The Council will focus on a partnership approach to biodiversity and biosecurity management to help ensure an efficient allocation of resources. Working with and empowering the community, other agencies, and our neighbours will ultimately provide the best outcomes for Murihiku Southland. Coordinating programmes will help prevent fragmented responses by connecting available resources. Environment Southland will continue to establish the mechanisms to allow for information exchange, co-ordination, and co-operation between all levels of government, the community and the private sector to facilitate a coordinated biosecurity response.

Key Partnerships include:

- Biodiversity Southland;
- Fiordland Marine Guardians;
- Mid Dome Wilding Conifer Control Trust;
- National Wilding Conifer Control Programme;
- Predator Free Rakiura;
- Predator Free Southland.

Level of service: Council will work with landowners to protect or enhance biodiversity and initiatives that help landowners to manage harmful species on privately owned-land					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
The number of biodiversity project grants approved and completed	10	An increase from the previous year	The same or more as previous year	The same or more as previous year	
The number of partnership activities is maintained	6 key partnership activities	The same or more as previous year	The same or more as previous year	The same or more as previous year	

## Council Operations Activity

The Council's operational activities will be targeted towards achieving outcomes in the biodiversity and biosecurity strategies.

Work will include active management of priority species and work at priority sites. This will include activities such as:

- Environmental Enhancement Grants\*;
- Fish Passage Remediation\*;
- High Value Area Programme\*;
- Possum Control Areas;
- Pest Control Programmes as outlined in the RPMP Operations Plan\*;
- Undaria Control Programme\*.

*\*These programmes have received additional funding from Jobs for Nature.*

Level of service: Council will deliver management programmes designed to improve regional biodiversity, human health and economic prosperity					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Numbers of biodiversity sites and ecosystem types in active management	New measure	Baseline established	An increase from previous year	An increase from previous year	
Proportion of the biosecurity programmes achieved as per the Operational Plans	50% of biosecurity programmes were achieved, 50% were partially achieved	100%	100%	100%	
The Possum Control Area programme continues to expand and the maintenance schedule is co-ordinated and completed	In July 2020 the PCA programme was 355,064 ha  In 2019/20 planned maintenance programmes were completed in most areas but some work was delayed due to the February floods and COVID-19 lockdown.	An increase from 355,064 ha and 100% of the maintenance schedule is completed	An increase from previous year and 100% of the maintenance schedule is completed	An increase from previous year and 100% of the maintenance schedule is completed	



Funding Impact Statement - Biosecurity & Biodiversity

Annual Plan	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
1 General rates, uniform annual charges, rates penalties	344	360	378	351	365	378	393	407	422	436
2,535 Targeted rates	2,532	2,605	2,671	2,739	2,811	2,877	2,948	3,017	3,087	3,153
62 Fees and charges	4,790	4,561	2,060	24	25	25	26	27	27	28
0 Internal Charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
9 Local authorities fuel tax, fines, infringement fees and other recei	115	114	112	98	97	95	93	92	90	88
0 Subsidies and Grants	0	0	0	0	0	0	0	0	0	0
<b>2,608 Total Operating Funding</b>	<b>7,780</b>	<b>7,640</b>	<b>5,221</b>	<b>3,212</b>	<b>3,297</b>	<b>3,376</b>	<b>3,460</b>	<b>3,543</b>	<b>3,626</b>	<b>3,705</b>
<b>Applications of Operating Funding</b>										
2,326 Payments to staff and suppliers	7,226	7,065	4,496	2,421	2,482	2,538	2,597	2,655	2,713	2,771
6 Financing Costs	2	4	3	3	2	1	1	0	0	0
0 Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
620 Other operating funding applications	602	625	777	741	765	788	812	837	861	881
<b>2,953 Total Applications of Operating Funding</b>	<b>7,831</b>	<b>7,693</b>	<b>5,276</b>	<b>3,165</b>	<b>3,250</b>	<b>3,327</b>	<b>3,410</b>	<b>3,492</b>	<b>3,574</b>	<b>3,651</b>
<b>(345) Surplus/(deficit) of operating funding</b>	<b>(51)</b>	<b>(53)</b>	<b>(55)</b>	<b>47</b>	<b>47</b>	<b>49</b>	<b>50</b>	<b>51</b>	<b>52</b>	<b>53</b>
<b>Sources of capital funding</b>										
0 Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0 Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0 Increase / (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0 Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
26 Gross proceeds from the sale of assets	26	0	15	15	0	26	0	15	15	0
0 Lump sum contributions	0	0	0	0	0	0	0	0	0	0
<b>26 Total sources of capital funding</b>	<b>26</b>	<b>0</b>	<b>15</b>	<b>15</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>15</b>	<b>15</b>	<b>0</b>
<b>Applications of capital funding</b>										
Capital expenditure										
0 - to meet additional demand	0	0	0	0	0	0	0	0	0	0
0 - to improve the level of service	0	0	0	0	0	0	0	0	0	0
75 - to replace existing assets	75	0	41	41	0	75	0	41	41	0
(187) Increase/(decrease) in Reserves	(166)	(120)	(128)	(6)	20	(28)	22	(3)	(2)	24
(207) Increase/(decrease) in Investments	66	67	48	27	27	28	28	28	29	29
<b>(319) Total applications of capital funding</b>	<b>(25)</b>	<b>(53)</b>	<b>(40)</b>	<b>62</b>	<b>47</b>	<b>75</b>	<b>50</b>	<b>66</b>	<b>67</b>	<b>53</b>
<b>345 Surplus/(deficit) of capital funding</b>	<b>51</b>	<b>53</b>	<b>55</b>	<b>(47)</b>	<b>(47)</b>	<b>(49)</b>	<b>(50)</b>	<b>(51)</b>	<b>(52)</b>	<b>(53)</b>
<b>0 Funding Balance</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

# CLIMATE CHANGE AND COMMUNITY RESILIENCE

The short and long-term impacts natural hazards and climate change have on people’s homes, businesses and well-being can be devastating. The more we can learn, understand and plan for these events, the better positioned we will be to build community resilience and cope with them.

This group of activities is about working with Murihiku Southland communities to be prepared for (and recover faster from) events and emergencies such as floods, droughts and wildfires.

Forecasted changes in the region’s climate is likely to mean higher frequency and severity of natural events. National and regional forecasts show increases in sea level over the next one hundred years (30–100 cm), greater seasonal variability and intensity of rainfall, increasing heatwave days and potential drought. In Murihiku Southland there are also likely to be measurable differences in these effects between river catchments and between northern and southern parts of the region.

## WHAT WE ARE WANTING TO ACHIEVE

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to understand, prepare and respond to the challenges and opportunities resulting from climate change. It will build on the community’s experience and knowledge in responding to natural hazards, events and emergencies.

## WHAT WE WILL DO

### Regulation and Planning Activity

The Council is responsible for controlling (through our plans and policies) the use of land to avoid or mitigate the effects of natural hazards, identify natural hazards and reduce risk. This includes ensuring the community is prepared for the impacts of climate change such as sea level rise and increased storm surges on coastal communities. It is vital going forward that all Council decision-making processes include consideration of climate change implications. The review of the Southland Regional Policy Statement will be a key vehicle for putting in place the framework to do this.

Level of service: Our plans and projects are designed to minimise the negative effects of climate change on the region’s communities					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Review the Southland Regional Policy Statement to ensure consideration of climate change implications	New measure	Regional Policy Statement review to take account of hazard and climate change legislation	Territorial authorities are supported in reviewing their district plans to do the same	Territorial authorities are supported in reviewing their district plans to do the same	Territorial authorities are supported in reviewing their district plans to do the same

## Science, Research and Monitoring Activity

This activity focuses on monitoring and researching the region's natural hazards, flood risk modelling and the effect of climate change on community wellbeing. The information gathered in this activity is used to inform Council policies, plans and operations.

A key focus for this activity in the next few years is to investigate the impacts of a changing climate on the region's social, economic, environmental and cultural well-being so that our plans and policies can be updated accordingly.

Level of service: Provide timely and high quality information about natural hazards to inform planning and emergency management activities					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Real-time river level and rainfall information is made available to the community	Flood warning network operational 100% of the time during flood events*	Flood warning network operational 100% of the time during flood events*	Flood warning network operational 100% of the time during flood events*	Flood warning network operational 100% of the time during flood events*	Flood warning network operational 100% of the time during flood events*
Provide information to support the development and implementation of the Murihiku Southland Regional Climate Change Strategy	New measure	An information gap assessment and forward work programme will be completed by 30 June 2022	Implementation milestones achieved	Implementation milestones achieved	Implementation milestones achieved

\* Excluding scheduled maintenance, external system outages and as a result of damage caused by flooding or earthquake.

## Community Engagement and Education Activity

This activity focuses on improving community resilience by increasing the knowledge and understanding of hazards to enable people to make better and more informed choices for now and in the future. This includes making hazard and climate information more readily available, improving the quality and type of information that is provided and ensuring communities are prepared for natural events.

A key focus for this activity will be to help the community to understand and respond to climate change over the next 10 years.

Level of service: Assist communities to understand and adapt to the effects of climate change and natural hazards					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Increased awareness of climate change and impacts by community and business	New measure	Establish methodology for measuring community and business awareness of climate change and its impacts	Baseline established	No less than prior year	No less than prior year
Progressively make hazard information more readily available	New measure	Publish 2 town natural hazard summaries  Introduce push hazard alerting system	Publish two town natural hazard summaries  Maintain operative hazard alerting system	Publish two town natural hazard summaries  Maintain operative hazard alerting system	Interactive hazard information available on ES website  Maintain operative alerting system

Level of service: Assist communities to understand and adapt to the effects of climate change and natural hazards					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
		Develop dedicated natural hazard pages on ES website	Maintain and enhance natural hazard pages on ES website	Maintain and enhance natural hazard pages on ES website	Maintain and enhance natural hazard pages on ES website

### Partnerships Activity

Council works collaboratively with iwi, communities, other councils and organisations to develop and implement solutions for improving the region's response to climate change and ensure its resilience to natural hazards, events and emergencies. A core part of this activity is emergency management as a shared service with Southland District Council, Gore District Council and Invercargill City Council. The emergency management service focuses on ensuring communities are prepared for emergencies and that they are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

Taking a partnership approach to tackling climate change and its effect on lifestyles, property, infrastructure and businesses will be critical to ensuring wellbeing of Murihiku Southland communities.

Level of service: Work with partners to strengthen the region's resilience to climate change and ability to cope with any civil defence emergency					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Support Emergency Management Southland in accordance with the Southland Civil Defence Emergency Management Group/Environment Southland Service Level Agreement, including the provision of suitably trained staff	New measure	No issues raised about the level of support provided by Environment Southland	No issues raised about the level of support provided by Environment Southland	No issues raised about the level of support provided by Environment Southland	No issues raised about the level of support provided by Environment Southland
Jointly develop and implement a Murihiku Southland Regional Climate Change Strategy with regional partners	New measure	A joint Council and Iwi Environment Forum is operational	A joint Council and Iwi Environment Forum is operational  A mechanism for youth engagement is established by 30 June 2023	An agreed strategy is in place by 30 June 2024	Implementation milestones achieved



**Council Operations Activity (including flood protection and control works)**

The majority of the Murihiku Southland community resides and works within an environment at risk from flooding, alongside the rivers of the region. That risk is managed in many instances (and by varying degrees) by the Council’s key infrastructure responsibility of stopbank flood protection schemes. There are 458 kilometres of stopbanks in the region designed to protect property, lives and livelihoods in urban and rural areas.

Annual programmes are undertaken so that communities can be assured of the standard of protection received from flood protection schemes and informed decisions on floodplain development are made. These programmes also support timely action to minimise the effects of flooding and reduce the threat to life, property and the environment.

Forecast changes in the region’s climate is expected to lead to greater seasonal variability and intensity of rainfall which could lead to more frequent flooding than historic levels.

Significant funding has been received from the government to advance climate resilience projects in the region as part of the COVID-19 recovery. The projects include the upgrading and raising of the stopbanks around Gore, Mataura and Wyndham and a joint project with Invercargill City Council to upgrade the stopbank infrastructure in Invercargill. This will see the height of the Stead Street, Waihopai and Otepuni stopbanks raised, and the Stead Street pump station replaced, which helps to drain water from the Invercargill Airport and surrounding areas, including farmland.

Level of service: Council owned infrastructure is maintained and enhanced to a level that works to reduce the negative impacts of natural hazards, flooding and climate change					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Increase the level of flood protection for the towns of Gore, Mataura and Wyndham and the Invercargill City and Airport	New measure	Agreed flood protection work with central government achieved	Agreed flood protection work with central government achieved	No target this year	No target this year
The major flood protection and control works are maintained, repaired and renewed to the key standards defined in the Council’s Asset Management Plans maintenance*	90%	Establish the maintenance, repair and renewal schedule	At least 90% of the schedule is completed	At least 90% of the schedule is completed	At least 90% of the schedule is completed
The number of schemes reviewed	New measure	One scheme per year	One scheme per year	One scheme per year	One scheme per year

\* Alternatively, this may be based on approved changes to the work programme. It should also be noted that it is intended to merge the current Asset Management Plans into one document no later than the end of 2023.

Funding Impact Statement - Climate Change and Community Resilience

Annual Plan 2020/21	LTP 21-31 2021/22	LTP 21-31 2022/23	LTP 21-31 2023/24	LTP 21-31 2024/25	LTP 21-31 2025/26	LTP 21-31 2026/27	LTP 21-31 2027/28	LTP 21-31 2028/29	LTP 21-31 2029/30	LTP 21-31 2030/31
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
1,872 General rates, uniform annual charges, rates penalties	2,224	2,504	2,488	2,595	2,686	2,779	2,878	2,978	3,079	3,178
3,768 Targeted rates	3,879	4,041	4,166	4,281	4,396	4,502	4,616	4,727	4,839	4,943
1,481 Fees and charges	1,118	1,151	1,185	1,217	1,250	1,280	1,312	1,344	1,375	1,405
0 Internal Charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
931 Local authorities fuel tax, fines, infringement fees and other recei	1,811	1,849	1,861	1,873	1,892	1,907	1,924	1,939	1,954	1,966
0 Subsidies and Grants	0	0	0	0	0	0	0	0	0	0
<b>8,052 Total Operating Funding</b>	<b>9,032</b>	<b>9,546</b>	<b>9,699</b>	<b>9,966</b>	<b>10,224</b>	<b>10,468</b>	<b>10,729</b>	<b>10,988</b>	<b>11,247</b>	<b>11,491</b>
<b>Applications of Operating Funding</b>										
6,648 Payments to staff and suppliers	7,009	7,125	7,313	7,510	7,706	7,887	8,079	8,267	8,456	8,637
18 Financing Costs	14	23	23	20	15	8	4	2	(0)	(0)
0 Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
1,545 Other operating funding applications	1,778	1,842	1,674	1,727	1,784	1,836	1,892	1,949	2,004	2,051
<b>8,211 Total Applications of Operating Funding</b>	<b>8,800</b>	<b>8,990</b>	<b>9,011</b>	<b>9,257</b>	<b>9,505</b>	<b>9,730</b>	<b>9,975</b>	<b>10,217</b>	<b>10,460</b>	<b>10,688</b>
<b>(159) Surplus/(deficit) of operating funding</b>	<b>232</b>	<b>555</b>	<b>688</b>	<b>709</b>	<b>719</b>	<b>738</b>	<b>754</b>	<b>771</b>	<b>787</b>	<b>803</b>
<b>Sources of capital funding</b>										
0 Subsidies and grants for capital expenditure	8,758	4,071	0	0	0	0	0	0	0	0
0 Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0 Increase / (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0 Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
0 Gross proceeds from the sale of assets	0	45	30	11	41	0	67	30	11	41
0 Lump sum contributions	0	0	0	0	0	0	0	0	0	0
<b>0 Total sources of capital funding</b>	<b>8,758</b>	<b>4,116</b>	<b>30</b>	<b>11</b>	<b>41</b>	<b>0</b>	<b>67</b>	<b>30</b>	<b>11</b>	<b>41</b>
<b>Applications of capital funding</b>										
Capital expenditure										
0 - to meet additional demand	0	0	0	0	0	0	0	0	0	0
0 - to improve the level of service	9,035	5,217	0	0	0	0	0	0	0	0
0 - to replace existing assets	2,653	123	82	34	116	0	191	82	34	116
523 Increase/(decrease) in Reserves	(2,720)	(694)	605	646	602	694	585	671	714	676
(682) Increase/(decrease) in Investments	22	25	32	40	42	44	46	48	50	52
<b>(159) Total applications of capital funding</b>	<b>8,990</b>	<b>4,671</b>	<b>718</b>	<b>720</b>	<b>760</b>	<b>738</b>	<b>821</b>	<b>801</b>	<b>798</b>	<b>844</b>
<b>159 Surplus/(deficit) of capital funding</b>	<b>(232)</b>	<b>(555)</b>	<b>(688)</b>	<b>(709)</b>	<b>(719)</b>	<b>(738)</b>	<b>(754)</b>	<b>(771)</b>	<b>(787)</b>	<b>(803)</b>
<b>(0) Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

## COAST AND MARINE

The Council is responsible for the integrated management of the coastal marine area, as well as ensuring that users of coastal waters do so in a safe way. Murihiku Southland's coast is the longest of any region in New Zealand and extends from Fiordland in the west round to the Catlins in the east and also includes Rakiura Stewart Island.

The health of Murihiku Southland's coastal water and estuaries ranges from pristine to significantly compromised – to the point that contact recreation and gathering kaimoana in some areas is unsafe. For example, one of the key challenges in the region is the impact of land based activities and land use on coastal water quality (including in our estuaries) and the cumulative effects of these activities.

Invasive marine pests have the potential to completely transform natural marine environments in Murihiku Southland, seven marine organisms are classified as pests due to the significant risk these species pose (these are referred to in the Biodiversity and Biosecurity group of activities).

The COVID-19 pandemic has significantly reduced funding for the Council's marine workstreams, as a result of the reliance on the income generated by the cruise ship marine fee.

### WHAT WE ARE WANTING TO ACHIEVE

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to ensure our Regional Coastal Plan gives effect to national direction. Outstanding landscapes and significant indigenous biodiversity are protected and it is safe to access and use our coastal areas.

### WHAT WE WILL DO

This section describes the key activities that Council undertakes in both the coastal marine area and environment and harbour management functions, what you can expect from us in delivering those activities and how our performance will be measured.

#### Regulation and Planning Activity

This activity focuses on the Council's regional planning, regulatory and compliance activities under the RMA. A key project under this activity is the review of the Regional Coastal Plan.

The Regional Coastal Plan review has been underway for three years and involves multiple stakeholders and agencies with roles and responsibilities in the coastal marine area. These include iwi, territorial authorities, the Department of Conservation, Fiordland Marine Guardians and the community.

The implementation of the New Zealand Coastal Policy Statement through the review of the Regional Coastal Plan will provide an opportunity to reassess the way we manage a number of activities including cruise ships and commercial surface water activities in our unique and outstanding areas of the coastal marine area, including Milford Sound.

Level of service: Regulatory processes, plans and resources are in place to identify and protect significant or at-risk elements of the coastal marine area, including enforcement when necessary					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
The Southland Regional Coastal Plan is operative and complies with the NZ Coastal Policy Statement	Regional Coastal Plan under review	Review of Regional Coastal Plan continues	Revised Regional Coastal Plan notified first half of 2023	Hearings held	Fully operative Regional Coastal Plan in 2025

### Science, Research and Monitoring Activity

This activity focuses on understanding the state of the coastal marine area monitoring trends and undertaking research to understand and respond to emerging issues. This information is used to inform Council policies, plans and engagement with the community.

There is limited information on the current state of the environment and the potential impacts of climate change and sea level rise. Open ocean aquaculture is new to Murihiku Southland and has been identified as an area that would benefit from further investigation and research. New and adaptive management approaches to ensure risks to the environment are minimised have also been identified as a priority research area for this LTP.

Level of service: Regular monitoring to track progress and identify risks to coastal marine area					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Undertake regular monitoring of recreational bathing sites at beaches in the coastal marine area	13 sites monitored regularly between 1 December and 31 March	13 sites monitored regularly between 1 December and 31 March	13 sites monitored regularly between 1 December and 31 March	13 sites monitored regularly between 1 December and 31 March	13 sites monitored regularly between 1 December and 31 March
Strategic assessment of coastal information needs	New measure	Completion of project plan setting out the work programme	Project milestones achieved	Project milestones achieved	Project milestones achieved
Increased knowledge of significant or at-risk marine ecological areas	New measure	Identification of marine significant ecological areas and threats (baseline information)	Ground-truthing of baseline information	Ground-truthing of baseline information	Ground-truthing of baseline information

### Community Engagement and Education Activity

Council provides boating education and works with community to ensure the safe use of the coastal marine area. It also provides information to increase community understanding of the marine environment.

Level of service: Highly visible and engaging education programme about how to safely enjoy the coastal marine area and Inland Lakes and to increase community understanding of the marine environment					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Effective engagement with community groups and individuals	New measure	Establish methodology for measuring the effectiveness of our engagement with community groups and individuals	Baseline established	No less than prior year	No less than prior year



## Partnerships Activity

Council works collaboratively with iwi, councils, research entities, groups, agencies, homeowners and businesses to increase knowledge and improve the integrated management of the coastal marine area. Examples include partnering with Land Information New Zealand to increase the coverage of benthic mapping in Murihiku Southland and active engagement in the operationalisation of the Milford Opportunities Project's Master Plan.

Level of service: Council works with iwi, councils, research entities, the community, businesses and community organisations to sustainably manage the coastal marine area					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Develop a structured partnership plan for the coastal marine area	New measure	Develop a structured partnership plan for the coastal marine area	To be developed in 2021/22	To be developed in 2021/22	

## Council Operations Activity

The Council has delegated responsibility from Maritime New Zealand for navigation safety and harbour management responsibilities for the region. It is also responsible for providing effective response capability for oil spills that occur in the region's coastal waters.

Level of service: Maintain safe and navigable waterways in the region to protect the people using them					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
The risk assessment regime and Safety Management System is consistent with the NZ Port and Harbour Marine Safety Code and compliant with International Standards Organisation (ISO) 9001:2015 certification for customer focus, quality management and continual improvement	New measure	Undertake a review to confirm consistency with the Code and compliance with ISO 9001:2015	Undertake a review to confirm consistency with the Code and compliance with ISO 9001:2015	Undertake a review to confirm consistency with the Code and compliance with ISO 9001:2015	
Ensure availability of an operational and emergency response function, and a qualified, experienced and independent harbourmaster to provide guidance on the safe navigation of vessels within the region	New measure	Ensure advice and information from appropriate staff is available during working hours on weekdays and that a 24 hour 7 day environmental incidents response service is provided	Ensure advice and information from appropriate staff is available during working hours on weekdays and that a 24 hour 7 day environmental incidents response service is provided	Ensure advice and information from appropriate staff is available during working hours on weekdays and that a 24 hour 7 day environmental incidents response service is provided	

## Funding Impact Statement - Coast and Marine

Annual Plan 2020/21	LTP 21-31 2021/22	LTP 21-31 2022/23	LTP 21-31 2023/24	LTP 21-31 2024/25	LTP 21-31 2025/26	LTP 21-31 2026/27	LTP 21-31 2027/28	LTP 21-31 2028/29	LTP 21-31 2029/30	LTP 21-31 2030/31
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
0 General rates, uniform annual charges, rates penalties	60	61	125	301	131	133	136	139	142	146
0 Targeted rates	0	0	0	0	0	0	0	0	0	0
268 Fees and charges	332	443	560	1,108	1,633	2,257	2,282	2,306	2,331	2,354
0 Internal Charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
0 Local authorities fuel tax, fines, infringement fees and other recei	19	19	35	84	34	33	33	32	32	31
0 Subsidies and Grants	0	0	0	0	0	0	0	0	0	0
<b>268 Total Operating Funding</b>	<b>411</b>	<b>523</b>	<b>721</b>	<b>1,494</b>	<b>1,798</b>	<b>2,424</b>	<b>2,451</b>	<b>2,478</b>	<b>2,505</b>	<b>2,530</b>
<b>Applications of Operating Funding</b>										
834 Payments to staff and suppliers	747	768	790	814	832	852	873	893	913	933
3 Financing Costs	0	1	1	3	1	0	0	0	0	0
0 Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
739 Other operating funding applications	408	422	434	447	460	472	486	499	511	523
<b>1,577 Total Applications of Operating Funding</b>	<b>1,156</b>	<b>1,190</b>	<b>1,225</b>	<b>1,263</b>	<b>1,293</b>	<b>1,325</b>	<b>1,358</b>	<b>1,391</b>	<b>1,425</b>	<b>1,456</b>
<b>(1,309) Surplus/(deficit) of operating funding</b>	<b>(744)</b>	<b>(667)</b>	<b>(505)</b>	<b>230</b>	<b>505</b>	<b>1,099</b>	<b>1,093</b>	<b>1,086</b>	<b>1,080</b>	<b>1,074</b>
<b>Sources of capital funding</b>										
0 Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0 Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0 Increase / (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0 Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
15 Gross proceeds from the sale of assets	0	0	0	0	0	0	15	0	0	0
0 Lump sum contributions	0	0	0	0	0	0	0	0	0	0
<b>15 Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>										
Capital expenditure										
0 - to meet additional demand	0	0	0	0	0	0	0	0	0	0
0 - to improve the level of service	0	0	0	0	0	0	0	0	0	0
41 - to replace existing assets	0	0	0	0	0	0	41	0	0	0
(1,224) Increase/(decrease) in Reserves	(754)	(678)	(515)	224	493	1,088	1,055	1,075	1,069	1,063
(110) Increase/(decrease) in Investments	10	11	10	6	11	11	11	11	12	12
<b>(1,294) Total applications of capital funding</b>	<b>(744)</b>	<b>(667)</b>	<b>(505)</b>	<b>230</b>	<b>505</b>	<b>1,099</b>	<b>1,108</b>	<b>1,086</b>	<b>1,080</b>	<b>1,074</b>
<b>1,309 Surplus/(deficit) of capital funding</b>	<b>744</b>	<b>667</b>	<b>505</b>	<b>(230)</b>	<b>(505)</b>	<b>(1,099)</b>	<b>(1,093)</b>	<b>(1,086)</b>	<b>(1,080)</b>	<b>(1,074)</b>
<b>(0) Funding Balance</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## REGIONAL LEADERSHIP

The Regional Leadership group of activities reflect the ways in which Environment Southland acts on its obligations to provide responsible leadership for regionally significant activities. This group of activities focuses on the opportunities in leading and partnering with all stakeholders to protect, enhance and achieve value from the region's natural resources.

### WHAT WE ARE WANTING TO ACHIEVE

Over the next 10 years, the Council will work with iwi, communities, other councils and organisations to ensure an integrated approach to achieving strategic outcomes for the region.

### WHAT WE WILL DO

This section describes the key activities that Council undertakes as part of its regional leadership role, what you can expect from us in delivering those activities and how our performance will be measured.

#### Regulation and Planning Activity

These activities are wide ranging but include regional transport, long-term planning and joined-up approaches on regional planning matters such as RMA reform and planning standards, as well as corporate strategic planning.

**Regional Transport:** Regional transport management is a responsibility of Council set by legislation. Council is responsible for setting the strategic direction and long-term goals for the region's transport infrastructure and provides guidance to Road Controlling Authorities (territorial authorities and Waka Kotahi NZ Transport Agency) on the preparation of their roading programmes to obtain funding from the National Land Transport Fund.

Otago and Southland Regional Councils work collaboratively via the Regional Transport Committees to develop the Otago Southland Regional Land Transport Plans (RLTP). The RLTP sets the strategic direction for land transport in Murihiku Southland and lists the recommended activities for funding from the National Land Transport Fund administered by Waka Kotahi NZ Transport Agency.

**Regional Planning:** Regional Policy Statements prepared by regional councils are intended to play a key role in achieving an integrated approach to the management of the natural and physical resources of the region. The Southland Regional Policy Statement will be reviewed during the period covered by this LTP.

Similarly, the work of the Regional Planning Working Group (made up of senior planning staff from the four local authorities and Te Ao Marama Inc) is designed to enable a joined up approach to regional matters, predominately in the RMA space. These items include a co-ordinated collaborative approach to RMA reform and National Planning Standard implementation, as well as a number of joint projects such as Light Detection and Ranging (LiDAR) acquisition.

The Government has indicated it plans to repeal the RMA and replace it with three new pieces of legislation by the end of 2022, which will have significant implications for regional planning.

**Long-term Planning:** Under the Local Government Act 2002, Council must meet planning and reporting requirements aimed at ensuring that communities are involved in setting the direction and focus for Council activities. The Long-term Plan, Annual Plans and Annual Reports are the main mechanisms for achieving this.

Ensuring value for money for the community relies on Council making sound financial decisions and the community having input into what activities should be undertaken and how they should be funded. This programme of work enables this to happen.

Level of service: Provide and implement a Regional Policy Statement to achieve integrated management of natural and physical resources in Murihiku Southland					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Progress a review of the Southland Regional Policy Statement	New measure	Undertake a review of the Regional Policy Statement (including seeking input from iwi and the community)	Notify the reviewed Regional Policy Statement	Hear submissions and release decisions on submissions	Implementation of the revised Regional Policy Statement
Work collaboratively with the region's territorial authorities to implement and give effect to the Regional Policy Statement and RMA reforms	New measure	Provide planning support for Southland territorial authorities completing District Plan reviews and changes on issues of regional significance	Provide planning support for Southland territorial authorities completing District Plan reviews and changes on issues of regional significance	Provide planning support for Southland territorial authorities completing District Plan reviews and changes on issues of regional significance	Provide planning support for Southland territorial authorities completing District Plan reviews and changes on issues of regional significance

Level of service: Council's planning and reporting functions meet statutory requirements and demonstrate sound business planning					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Council's LTP, Annual Plan and Annual Reports meet audit requirements	New measure	Unqualified audit opinion achieved for LTP and Annual Report	Unqualified audit opinion achieved for Annual Report. No audit on Annual Plan	Unqualified audit opinion achieved for Annual Report. No audit on Annual Plan	Unqualified audit opinion achieved for LTP and Annual Report
Analyse and respond to direction from central government and proposed new legislation and statutory tools that affect the Council's statutory responsibilities and work programmes	New measure	Prepare advice on proposed new legislation and statutory tools that are relevant to Environment Southland's activities	Prepare advice on proposed new legislation and statutory tools that are relevant to Environment Southland's activities	Prepare advice on proposed new legislation and statutory tools that are relevant to Environment Southland's activities	Prepare advice on proposed new legislation and statutory tools that are relevant to Environment Southland's activities

Level of service: Deliver efficient and effective consenting and compliance monitoring and enforcement services					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Ensure consenting processes are effective	New measure	Establish methodology for measuring the effectiveness of our consenting processes	Baseline established	No less than prior year	No less than prior year
Monitor priority consents, as identified in the Environment Southland Compliance Plan, to ensure compliance with consent conditions	New measure	Monitor at least 80% of high risk consents	Monitor at least 80% of high risk consents	Monitor at least 80% of high risk consents	Monitor at least 80% of high risk consents

### Community Engagement and Education Activity

Communication and engagement are strategic functions for Council that work across the organisation. It plays a part in the statutory business of Council, but also has a much wider role in building relationships with stakeholders and Murihiku Southland communities.

The outcomes sought by the organisation require a community effort. Interaction through the sharing of relevant information and ideas via appropriate channels is essential for helping to build the momentum and participation needed to develop and implement solutions to meet those outcomes.

One such project for this activity is **Enviroschools**, which is a programme that takes a whole school approach to environmental education.

Level of service: Murihiku Southland residents are engaged and enabled to play an active part in shaping our region's future					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Monitor and review effectiveness of engagement with the community	New measure	Establish methodology for measuring the effectiveness of our engagement with the community	Baseline established	No less than prior year	No less than prior year
Raise community awareness of Council's role and actively promote and enable opportunities for participation	New measure	Investigate new mechanisms for community engagement	To be developed in 2021/22	To be developed in 2021/22	To be developed in 2021/22

### Partnerships Activity

Council works with iwi, local authorities and other organisations to deliver for Murihiku Southland communities. This enables Council to deliver better outcomes and do it more efficiently and effectively than it could achieve by itself.

**Relationship with Māori:** Environment Southland's relationship with tangata whenua in Murihiku Southland is unique. Environment Southland together with six other local authorities from around Southland and Otago are signatories in a Charter of Understanding with the four papatipu rūnanga in Murihiku Southland. This is a shared relationship between the parties that assists tangata whenua and local government to undertake day-to-day business and also satisfy the legal requirements for local government to assist Māori in building capacity and participating in decision-making. The councils jointly assist tangata whenua with a range of resourcing and assistance to enable Māori to be engaged.



**Regional Initiatives and Collaboration:** Various situations and projects arise where local government, iwi and other organisations jointly need to be involved. Mechanisms to allow this to occur include the Mayoral Forum, Te Roopu Taiao and Regional Planning Working Group. An example of a collaboration is the Southland Regional Development Strategy (SoRDS) work where the councils, together with the community and businesses, have set out an action plan to work on a variety of projects that will assist Murihiku Southland to gain more from its natural advantages in people, innovation and education. That work will be ongoing.

Level of service: Council works in partnership with iwi, local authorities and other organisations to deliver better outcomes					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Monitor and review effectiveness of partnerships with other organisations	New measure	Establish methodology for measuring the effectiveness of our partnerships with other organisations	Baseline established	No less than prior year	
Participate in governance and management forums (Mayoral Forum, Te Roopu Taiao and Regional Planning Working Group)	New measure	Participate in all Mayoral Forum, Te Roopu Taiao and Regional Planning Working Group hui during the year	Participate in all Mayoral Forum, Te Roopu Taiao and Regional Planning Working Group hui during the year	Participate in all Mayoral Forum, Te Roopu Taiao and Regional Planning Working Group hui during the year	
Demonstrate commitment to investigating new co-governance/co-management arrangements	New measure	Progress discussions with Te Ao Marama Inc and papatipu rūnanga regarding the co-governance and co-management arrangements proposed in the 2020 report <a href="#">Ngāi Tahu ki Murihiku Freshwater Objectives</a>	Progress discussions with Te Ao Marama Inc and papatipu rūnanga regarding the co-governance and co-management arrangements proposed in the 2020 report <a href="#">Ngāi Tahu ki Murihiku Freshwater Objectives</a>	Progress discussions with Te Ao Marama Inc and papatipu rūnanga regarding the co-governance and co-management arrangements proposed in the 2020 report <a href="#">Ngāi Tahu ki Murihiku Freshwater Objectives</a>	

## Governance Activity

This activity consists of elected members and the support provided to them to meet their decision-making responsibilities in an open and transparent manner.

The Governance Activity is responsible for the representation structure, the administration of the triennial elections, elected members' remuneration and expenses, ensuring Council, committee and co-governance meetings comply with legislative requirements and elected members receive appropriate information in a timely way to support the decision-making process.

Level of service: Enable good governance and democratic decision-making					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Percentage of Council and Committee meeting agendas (for all scheduled meetings) that are available at least two working days before the meetings	100%	100%	100%		100%
Percentage of draft Council and Committee meeting minutes available on the Council website within six weeks of the meeting	100%	100%	100%		100%

### Operations Activity

Data is one of the Council’s most significant assets. This activity comprises the work being done to build its value to the community and improve access to support decision-making in the region by both individuals and organisations.

Level of service: Collect, maintain and share quality-assured data					
Performance Measure	Baseline	Target			
		2021/22	2022/23	2023/24	2024-2031
Implement data governance procedures to curate and share our data	New measure	Develop a data governance framework	To be developed in 2021/22		To be developed in 2021/22
Explore and develop innovative data services	New measure	Completion of a project plan for the investigation of new tools and methods to ‘bring data to life’ and improve access to data for the community.  This will set out the work programme and performance targets for subsequent years.	To be developed in 2021/22		To be developed in 2021/22
Maintain and enhance access to Environment Southland data and facilitate sharing and use of data	New measure	Baseline established	Year on year increase		Year on year increase

Funding Impact Statement - Regional Leadership

Annual Plan	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31	LTP 21-31
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
5,730 General rates, uniform annual charges, rates penalties	6,388	6,629	6,910	7,164	7,374	7,596	7,828	8,064	8,305	8,545	
0 Targeted rates	0	0	0	0	0	0	0	0	0	0	
4,030 Fees and charges	4,336	4,466	4,594	4,724	4,854	4,973	5,101	5,226	5,352	5,469	
0 Internal Charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	
3,321 Local authorities fuel tax, fines, infringement fees and other recei	2,007	1,992	1,946	1,900	1,873	1,840	1,808	1,773	1,736	1,695	
0 Subsidies and Grants	0	0	0	0	0	0	0	0	0	0	
<b>13,081 Total Operating Funding</b>	<b>12,730</b>	<b>13,087</b>	<b>13,449</b>	<b>13,788</b>	<b>14,101</b>	<b>14,408</b>	<b>14,736</b>	<b>15,064</b>	<b>15,393</b>	<b>15,709</b>	
<b>Applications of Operating Funding</b>											
6,898 Payments to staff and suppliers	9,450	9,687	9,931	10,178	10,425	10,651	10,891	11,122	11,360	11,595	
24 Financing Costs	39	66	65	57	42	21	11	5	(0)	(0)	
0 Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	
3,799 Other operating funding applications	3,364	3,488	3,603	3,715	3,833	3,940	4,057	4,174	4,288	4,386	
<b>10,721 Total Applications of Operating Funding</b>	<b>12,854</b>	<b>13,241</b>	<b>13,600</b>	<b>13,950</b>	<b>14,300</b>	<b>14,613</b>	<b>14,959</b>	<b>15,302</b>	<b>15,648</b>	<b>15,981</b>	
<b>2,361 Surplus/(deficit) of operating funding</b>	<b>(123)</b>	<b>(153)</b>	<b>(151)</b>	<b>(162)</b>	<b>(199)</b>	<b>(205)</b>	<b>(222)</b>	<b>(238)</b>	<b>(255)</b>	<b>(272)</b>	
<b>Sources of capital funding</b>											
0 Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	
0 Development and financial contributions	0	0	0	0	0	0	0	0	0	0	
0 Increase / (decrease) in debt	0	0	0	0	0	0	0	0	0	0	
0 Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	
26 Gross proceeds from the sale of assets	41	0	11	22	33	41	0	11	22	33	
0 Lump sum contributions	0	0	0	0	0	0	0	0	0	0	
<b>26 Total sources of capital funding</b>	<b>41</b>	<b>0</b>	<b>11</b>	<b>22</b>	<b>33</b>	<b>41</b>	<b>0</b>	<b>11</b>	<b>22</b>	<b>33</b>	
<b>Applications of capital funding</b>											
<b>Capital expenditure</b>											
0 - to meet additional demand	0	0	0	0	0	0	0	0	0	0	
500 - to improve the level of service	0	212	0	0	0	0	0	0	0	0	
195 - to replace existing assets	386	895	34	68	102	116	0	34	68	102	
2,754 Increase/(decrease) in Reserves	(407)	(1,201)	(128)	(177)	(242)	(259)	(207)	(251)	(296)	(343)	
(1,062) Increase/(decrease) in Investments	(61)	(59)	(46)	(31)	(26)	(21)	(16)	(10)	(4)	2	
<b>2,387 Total applications of capital funding</b>	<b>(82)</b>	<b>(153)</b>	<b>(140)</b>	<b>(140)</b>	<b>(166)</b>	<b>(164)</b>	<b>(222)</b>	<b>(227)</b>	<b>(233)</b>	<b>(239)</b>	
<b>(2,361) Surplus/(deficit) of capital funding</b>	<b>123</b>	<b>153</b>	<b>151</b>	<b>162</b>	<b>199</b>	<b>205</b>	<b>222</b>	<b>238</b>	<b>255</b>	<b>272</b>	
<b>(0) Funding Balance</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

# Involving Māori in our decision-making

## Māori and Te Taiao Tonga (Environment Southland)

The Local Government Act provides principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes. This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

These principles and requirements are outlined as follows:

- local authority decision-making – where, in the course of the decision-making process, a significant decision relates to land or a body of water, Te Taiao Tonga will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga within the overarching concept of Te Mana o Te Wai;
- contributions to and involvement in decision-making processes – Te Taiao Tonga will provide opportunities for Māori to contribute to and be involved in the decision-making processes of the Council and will also consider ways to foster the development of Māori capacity. This includes manawhenua appointments to hearing panels, and appointments on to Standing Committees;
- consultation with Māori – Te Taiao Tonga has in place processes for consulting with Māori which are in accordance with the principles of consultation as set out in section 82 of the LGA;
- supporting implementation, use and understanding of *Te Tangi a Taurira – The Cry of the People* Ngāi Tahu ki Murihiku Resource and Environmental Management Plan 2008 and any subsequent review.
- supporting projects initiated by Māori that involve direct management of the region's natural resources;
- development of Māori capacity to contribute to the decision-making processes of the local authority. These opportunities include:
  - provision of information to all Māori to underpin processes that assist effective contribution to the decision-making processes of Te Taiao Tonga;
  - Te Taiao Tonga, where practicable, will continue to make available resources such as maps and GIS services;
  - building capacity to enable contribution of all Māori to the decision-making processes of Te Taiao Tonga. Related to this process is the need for Te Taiao Tonga to gain a clear understanding of expectations through hui and ongoing relationships with all Māori to agree and commit to practicable steps to building capacity. This includes shared capacity support for an Iwi Policy Officer position at Te Ao Marama Inc;
  - support for the development of Independent Hearing Commissioners within tangata whenua;
  - ongoing consideration on a case-by-case basis for the provision of support to assist all Māori with resourcing, opportunities for training and engagement and promotion of matters that are of mutual benefit;
  - ongoing promotion and education of staff and governors to develop skills in Māoritanga, Tikanga Māori, Te Reo Māori, Māutauranga Māori, and gain an appreciation of the needs and expectations of all Māori in relation to the Local Government Act and the Resource Management Act;
  - effective and efficient consultation to improve existing relationships, processes and protocols related to local government and resource management issues.

## Tangata Whenua & Te Taiao Tonga (Environment Southland) Relationship

While the LGA sets out provisions relating to all Māori, it is recognised that within the Murihiku takiwā, Ngāi Tahu are the tangata whenua. They have a special status in terms of Te Taiao Tonga resource management activities and are not just another interest group. The evolution of the relationship between Te Taiao Tonga and tangata whenua has reached the point where that relationship is now recognised as a productive partnership.

Te Taiao Tonga is an active participant and signatory to a Charter of Understanding – *He Huaraki mō Ngā Uri Whakaturu* in place between the seven southern local authorities and four Murihiku Southland papatipu rūnanga. The Charter sets out the basis and conduct of the councils and rūnanga in the context of the Local Government Act 2002 and Resource Management Act 1991.

The Charter provides the basis for an ongoing relationship between relevant local authorities and tangata whenua of Murihiku to assist in developing the capacity of Māori to contribute to the decision-making processes. It further provides principles and opportunities, is a foundation for consultation on a wide range of local government issues including Long-term and Annual Plans and assists councils through Te Ao Mārama Inc (Iwi liaison entity representing the papatipu rūnanga o Murihiku for resource management and local government issues), to consult with all Māori, those that hold manawhenua and matawaka (other tribal groups) living in Murihiku Southland.

In addition to the LGA obligations set out above under Maori relationships, the RMA gives regional councils specific obligations regarding kaitiakitanga, the principles of the Treaty of Waitangi and the relationship between Māori and their culture and their traditions with their ancestral lands, water, sites, wāhi tapu and other taonga. To give effect to the obligations under the LGA and the related obligations under the RMA, Te Taiao Tonga will continue to develop its relationships with all rūnanga in Murihiku Southland through Te Ao Mārama Inc and with Te Rūnanga o Ngāi Tahu, the iwi authority. This is essential for achieving the sustainable management of the natural resources within the Murihiku Southland takiwā.

Te Taiao Tonga undertakes to incorporate the concept of Te Mana o Te Wai into its water management activities.





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STRATEGIES









# Financial Strategy

## Te Rautaki Pūtea

### Managing Financial Resilience in an Uncertain and Changing Financial Landscape

#### Overview

We are planning for our financial future in changing and less certain times. The 2020 COVID-19 pandemic has hit some of our usual income sources hard, especially marine fees which are generated mainly from tourism income. At the time this strategy was written, there is small but occasional community transmission and the threat of pandemic restrictions remains. There is a more infectious COVID-19 strain and the vaccination programme has started.

However, it is not just about the pandemic. We are implementing the Government's most substantial changes to freshwater management in a generation and the Government has started the *New Directions for the Resource Management in New Zealand* comprehensive review of the resource management system. The Climate Change Commission has put out its draft advice, currently under consultation, saying "*The climate science is clear, the direction of policy is laid out, the time for accelerated climate action is now*" and the Tiwai aluminium smelter has announced its closure then extended it to at least 2024. If that is not enough we are forecasting more adverse weather events requiring Civil Defence Emergency Management responses.

All these big changes and many smaller ones create more uncertainty about what the future holds than has been experienced for some time, which is creating anxiety within the wider community. To respond to these changes, we need to build financial resilience and flexibility into our long-term planning and policy. These include the following big changes:

1. we plan to **increase rates in 2021/22** to fund additional costs as a result of new regulations and to invest in change and transformative technologies that will build our resilience for the future;
2. we budgeted for an operating deficit in the current financial year (2020/21). This deficit is forecast to continue for another three years, even with proposed rates increases. We plan to **borrow to fund the operating deficit**.\*

#### Material Assumptions

With so much uncertainty, we must make assumptions in order to build our LTP, including the financial and infrastructure strategies. It is possible they will be wrong – which is why financial resilience and flexibility are key to this strategy. The full list and detail of our assumptions is in the "*Significant Forecasting Assumptions*" section of this Plan.

\* *The operating deficit excludes the climate resilience (shovel ready) government funding.*

The following summarised material assumptions have a large impact on our financial strategy, particularly in the more financially sensitive first three years:

**Table 1: Summary of significant financial strategy assumptions**

Assumption	Description	Financial Strategy Impact
<b>Marine Fees</b>	<p>Marine fees income comes primarily from large cruise ships. In 2019/20 we received \$2.4M. We are now budgeting for a total of \$465,000 in the first three years of this plan.</p> <p>Our pandemic assumption is that the borders will not reopen in 2021. We anticipate cruise ships will return slowly as the industry revives itself.</p>	<p>Overestimating our budgeted external income would result in bigger deficits and more debt.</p> <p>We consider that we have taken a conservative approach. If the industry returns more quickly, we can adjust budgets at each annual plan and reduce forecast debt.</p> <p>If the ships return much slower, then our conservative budget protects us from big losses.</p>
<b>Fees and Charges</b>	<p>We are taking a closer look at what we do and who benefits. New regulation requires new charges. Some existing charges are insufficient to cover the cost of the benefit and some existing business is not being charged.</p> <p>Rates are forecast to go up and it is just and equitable that fees and charges do too. We are increasing the budget accordingly.</p>	<p>All income makes a big difference to our balancing of the books, debt levels and financial resilience.</p> <p>Failing to increase fees in year 1 will increase the period of deficit budgeting, increase debt and decrease resilience.</p>
<b>South Port Dividends</b>	<p>We are forecasting the same return as directors declared in 2021 (\$4.5M).</p>	<p>The South Port dividend is our single largest source of investment income. The forecast closure of Tiwai and the new opportunities that lie ahead, create uncertainty.</p> <p>If dividends received are less than budgeted, this may create a deficit, increase debt and reduce our resilience.</p>
<b>Realisable Investment Income</b>	<p>We have budgeted a realised return of 2%.</p>	<p>Interest rates are very low, however, the equity markets are high. We expect the markets will be volatile while many countries still grapple with the pandemic.</p> <p>We consider we have budgeted conservatively. If we achieve better than expected returns we will build resilience, lower than expected returns would increase debt. Adjustment can be made in Annual Plans.</p>
<b>Cost Increases</b>	<p>We have been provided with three economic recovery pandemic scenarios. We have chosen the faster rebuild scenario due to our strong rural economy.</p>	<p>The stalled scenario was for those badly hit by tourism and there is a mid-scenario. Since these scenarios were developed the economy has rebounded stronger than forecast.</p> <p>The stalled and mid-scenarios had lower cost increases due to low demand for resources.</p> <p>In this strategy higher inflation means less resilience than lower inflation. However inflation is not significant enough to change the rates forecast.</p>
<b>Climate Resilience Projects Local Share Funding (Shovel Ready Projects)</b>	<p>For the duration of the LTP we have budgeted to initially fund the climate resilience projects from debt.</p>	<p>Investment in climate resilience projects in the 2021 financial year of \$388,000 was funded from appropriate reserves.</p> <p>As the circumstances of each catchment in the project are different, final funding options will be considered after the completion of each project.</p>



As actual results crystallise, where these assumptions differ, we are protected by having budgeted conservatively and should have the resilience to respond within our forecast financial envelope.

### **Guiding Financial Principles**

We have developed some principles to assist in making informed and consistent choices under the legal framework. The following principles have been developed and applied:

1. We ensure the everyday costs for services to the region are met from everyday income.
2. We ensure that where future ratepayers will use assets created today, they will pay their share through our prudent use of debt.
3. We maintain financial resilience by having funds, debt capacity and insurance sufficient to fund unplanned or unforeseen events.
4. We clearly define service levels and deliver them in an efficient and effective, customer focused manner, providing value for money.
5. We charge on a cost recovery basis where we identify there is a private benefit and it is efficient to collect.
6. We aim for rates to be affordable and equitable, with increases set to provide certainty to ratepayers.
7. We manage our investment funds and other investments by taking a prudent approach to risk and return.

Complying with these principles can be challenging and compromise between principles is often required.

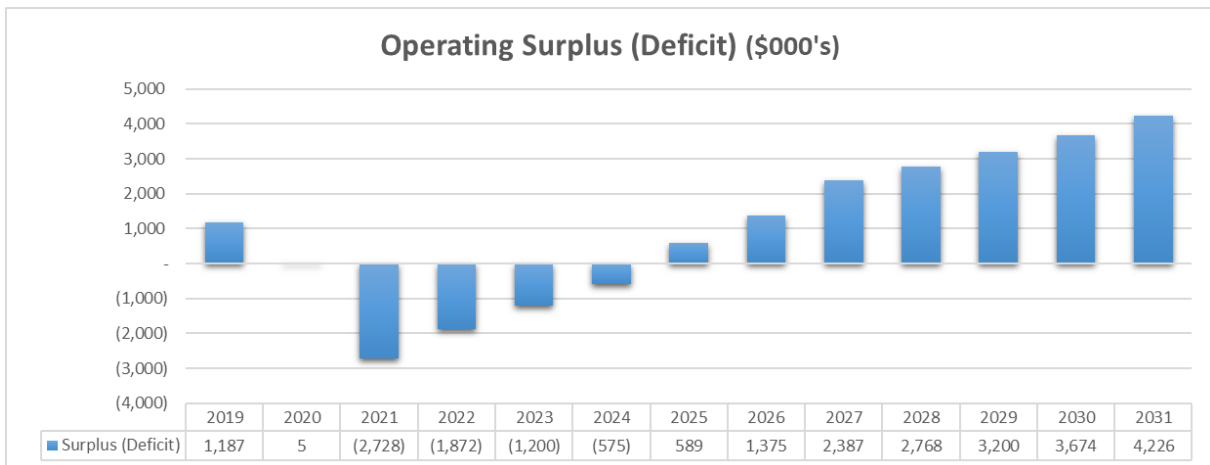
### **Balancing the Books**

Everyday cost should be paid from everyday income. If we can't achieve this, we would need to fund our everyday income to cost deficit from debt or by reducing investments. This means existing ratepayers are not paying for some of the services they are receiving. Using debt or reducing investments to fund everyday costs means that future ratepayers will pay for this with added interest cost (for debt) or with less interest income (on investments). In both cases our financial resilience is reduced with increased financial risk for future communities.

One of our key financial strategy decisions is to use debt to fund deficits where everyday costs are not met by everyday income. Graph 1 shows that in the first three years (2022–2024) we are budgeting an operating deficit. This is because of three reasons:

1. we need to spend more to maintain our service levels and introduce new costs to meet government regulations;
2. we have less income and are keeping rates increases as low as is prudent;
3. the operating deficit is different to the financial model, as it has excluded climate resilience (shovel ready) funding.

**Graph 1: Balancing everyday costs with everyday income**

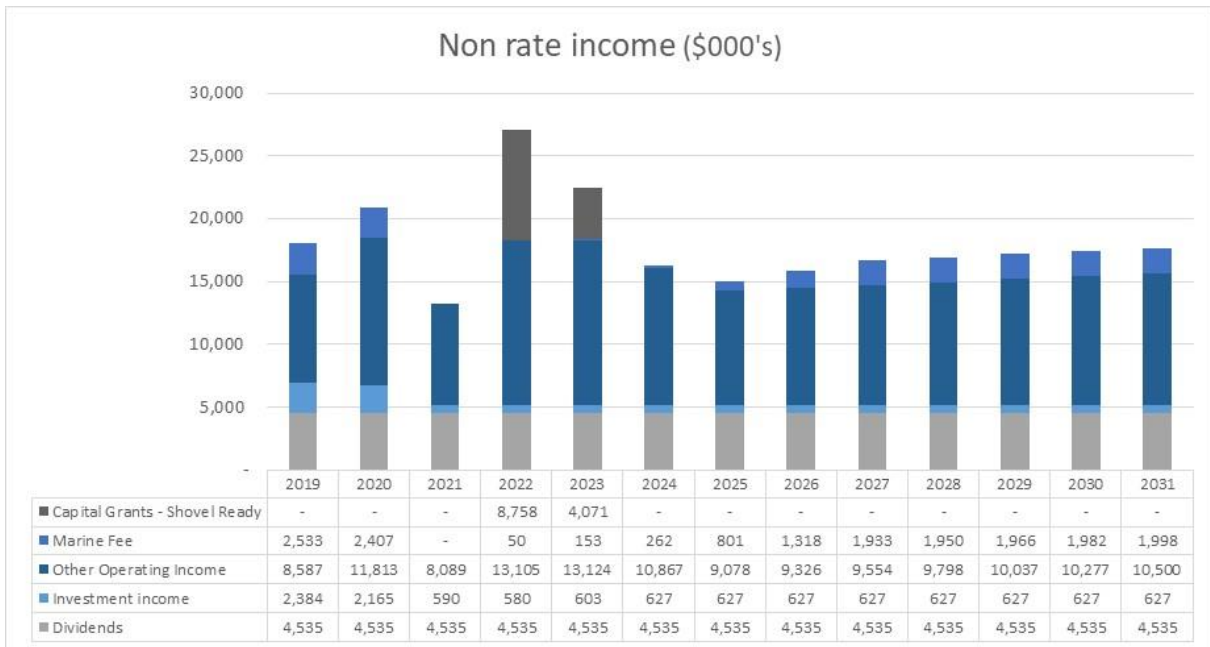


We can balance the books quicker by increasing rates more. We discuss this under the rates section. The significant forecasting assumptions show the impact of weaker and stronger scenarios for our material financial strategy assumptions.

**Non-rates Income** *(including policy on holding investments and budgeted returns)*

Our main non-rates income sources are affected by COVID-19 and economic uncertainty and volatility. Graph 2 shows a significant drop of non-rates income in 2021. Strategically we are seeking to return to pre-2021 non-rates income levels for non-rates income. To achieve this, new sources of income may need to be found.

**Graph 2: Material non-rates income**



## *Policy on holding investments and budgeted returns*

We hold two large investments - our shareholding in South Port NZ Limited and our investment managed fund:

- **Investment in South Port**

South Port NZ Limited is a public company listed on the NZ Stock Exchange. We are the majority shareholder with 17,441,573 of 26,234,898 shares (66.48%). Our port is a strategic asset and our principal reasons for owning these shares are the economic wellbeing of the region and to provide a financial benefit by using the dividends to reduce the general rate.

There is a risk that there is a change in operating circumstances and South Port cannot maintain the forecast dividend, reducing the offset against the general rate which would result in higher rates or more debt. Forecast dividends over the 10-year period of the LTP are based on receiving 26 cents per share. We have not forecast any growth in this return given the uncertainty in what lies ahead. The budget for dividends income is shown in Graph 2 above.

- **Investment in managed funds**

The principal reason for the investment in the managed fund is to maintain the buying power of funds held for future spending.

Income is generated from the managed fund and is based on movements in each of a number of portfolios. The portfolios include cash, bonds and equities. The realised income is first used to maintain the value of certain reserves by adding an amount to their end of year balance and then used to reduce the general rate. Unrealised income stays in the managed fund to build our capital investment and resilience. The managed fund is a long-term investment that may have losses for certain periods. Generally, we would not realise these losses and use previously unrealised income to buffer the impact.

There are two challenges to this approach that need to be considered:

1. investment market uncertainty means that the actual income earned may vary from the income forecast. This could mean that the proposed surplus/deficit would be higher or lower. A higher return could be capitalised to build resilience or realised to keep rates within our limits;
2. capital drawdowns from the managed fund have previously been used to reduce rates, by paying for operating costs, responding to disasters or for major projects. We no longer have financial capacity to continue this. Our resilience level is lower than it has been and our interest returns are also much smaller.

Based on information supplied by our fund managers, and taking into account current performance, realised returns are forecast to be 2.0% for bonds and equities. The budget for investment income is shown in Graph 2 above.

- **Investment in leasehold land**

We own leasehold land for flood management purposes. This land represents a significant resource for the benefit of the Southland community. This is operated in a professional manner in a way that supports environmental sustainability.

- **Other investments**

We have a small investment in Regional Software Holdings Ltd, a Council Controlled Organisation with partner shareholders Northland, Taranaki, West Coast, Waikato and Horizons Regional Councils. The company allows for a shared service collaboration to deliver shared software products and services for more efficiently and effectively and with value for money outcomes. We receive no investment return from this shareholding.

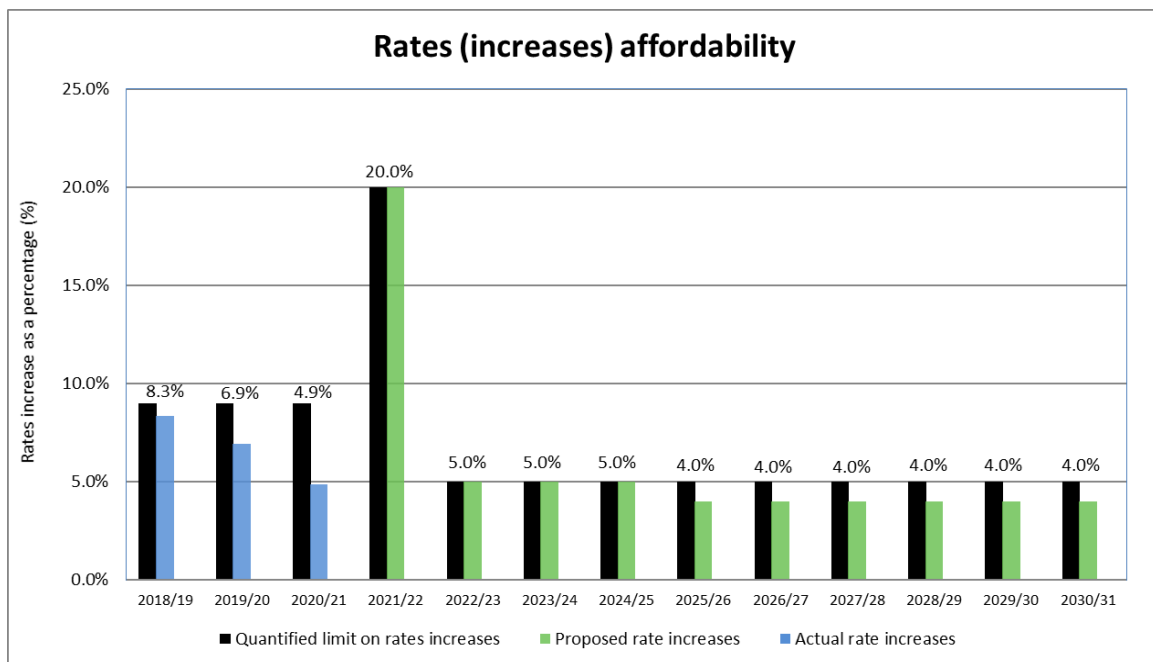
We have a small holding in Southland Regional Development Agency Limited, a Council Controlled Organisation with seven partner shareholders. This investment supports economic and business development, tourism and events. We receive no investment return from this shareholding.

## Rates

### Limit on rates

Planned increases in total rates income will not exceed 20% in 2022 and then not exceed 5% from 2023 onwards.

**Graph 3: Rates affordability**



*Note: Proposed average rates increases are within the quantified limit (maximum) outlined above*

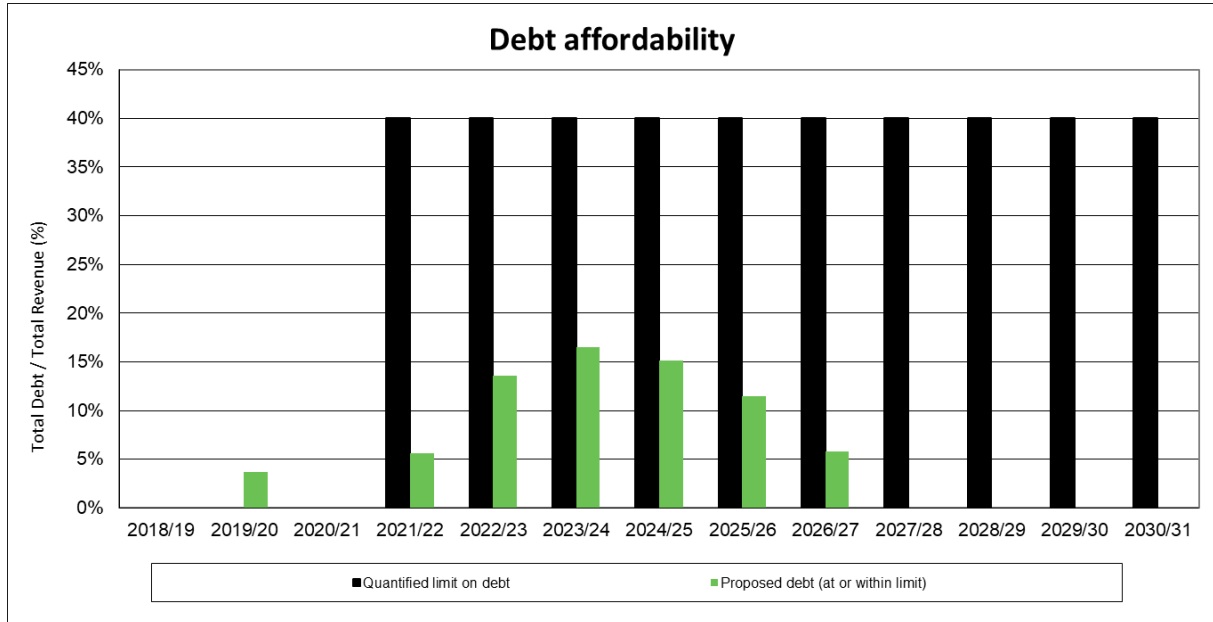
After making budget adjustments to maintain service levels, be more efficient and implement new regulations, we assessed our options for rates increases versus balancing the books. We concluded that balancing the books after three years by 2025 was desirable. To achieve this most effectively, we considered the best outcome for ratepayers with the least financial risk was to set the rates increase in Year 1 (2021/22) at 20% and then thereafter reverting to moderate increases of 5% that support maintaining service levels, repaying debt and building resilience.

## Debt

### Limit on debt

Our external debt will not exceed 40% of total income.

**Graph 4: Debt affordability**



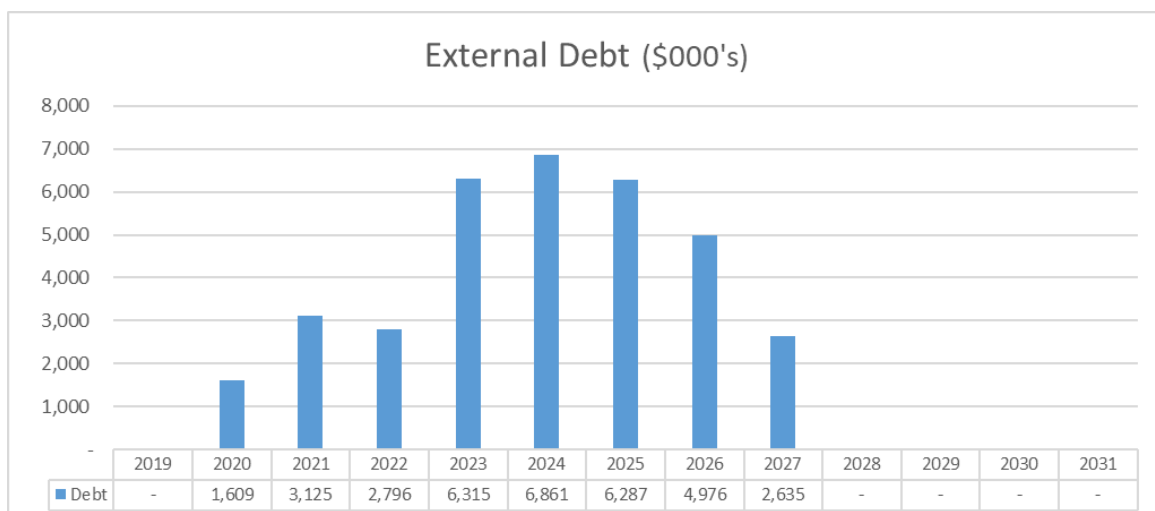
We are budgeting for new debt to fund the local share of the climate resilience (shovel ready) projects and deficits in everyday income and costs. We plan to repay all debt within 10 years.

This is a change in strategy from our traditional approach. The amount of planned external debt (what we have borrowed from the Local Government Funding Agency or bank) is small, given our size and income.

We are budgeting external debt to be less than 20% of total income as shown in Graph 4. Our total debt will peak at \$6.9 million in 2024 as shown in Graph 5.

The Local Government Funding Agency (LGFA), local government’s primary lender, will lend us funds dependent on our existing net debt (external debt less liquid investments) and income. They will lend an amount equal to 175% of total income, or up to \$52 million in 2024.

**Graph 5: Budgeted debt levels**





## Resilience *(including significant factors affecting our ability to maintain service levels)*

As we have discussed, we are in volatile times (compared with previous LTP cycles). Changing climate expectations, other environmental regulation, an assumed increase in adverse weather events and a major Alpine Fault (estimated to have a 30% likelihood of rupturing in the next 50 years) means building and maintaining financial resilience is prudent. We need to do this while taking care to manage today's financial requirements and intergenerational equity.

We are responsible to ensure the organisation can respond to unplanned events from small to very large events. As the regional centre of Civil Defence Emergency Management, we must be physically and financially operational from the start of an event.

Our financial resilience is strong based on consideration of the following three matters:

Resilience fund	Explanation	Estimated value
<b>Liquid financial assets</b>	We hold specific funds (reserves) for responding to events like flooding.  Additionally, we have reserve funds (such as catchment reserves) that provide financial resilience in those activities.  In a major event, all liquid funds could be repurposed to rebuild the region as long term priorities change.	\$8M
<b>Debt capacity</b>	The LGFA will lend up to 175% of our net debt to income. Our peak forecast debt is less than \$7M.	\$52M
<b>Insurance</b>	Council has insurance for business recovery and for losses to assets.  The National Emergency Management Agency will fund costs of Council's operational response to an emergency and will contribute to asset reinstatement.	Not quantifiable

The combination of these three items builds a level of resilience that will allow us to continue to operate in the event of a large emergency. We have shown that in smaller emergencies, responding and recovering from events, and maintaining business as usual is able to be successfully achieved.

## Capital Expenditure

Our core infrastructure is flood control assets. With subsidy from the Government we embarked on a significant renewal programme in 2020. The LTP budgets for \$16.7 million of climate resilience renewal projects (shovel ready projects) on our flood control assets. Other assets, (plant, vehicles, property and equipment) will be renewed at end of life or in response to potential Government climate change initiatives. These investments will be funded from depreciation held in reserves for this purpose and are not material to this strategy.

## Changes on Population and Land Use *(the capital and operating costs for providing for those changes)*

We are not forecasting significant population change or changes in land use. Our Significant Forecasting Assumptions show the detail for each of these assumptions. Consequently, our Infrastructure Strategy is not forecasting any capital expenditure or operating costs associated with population change or changes in land use.

## Policy on Securities

To borrow from either the LGFA or the bank we must offer security, just like residents do with their mortgage. Like most councils, debt is secured against rates income.

Lenders like this as security and it helps keep our interest rates low. Giving rates as security means that our lenders can make us charge ratepayers more to repay debt. That is why it is important to keep our debt at a sustainable level.

We may also offer other security, including physical assets, in certain circumstances. The full policy on giving securities can be found in the Treasury Policy on our website.

# Infrastructure Strategy

Rautaki Hanganga

# 2021 – 2051 Environment Southland Infrastructure Strategy

## Rautaki Hanganga

### Regional Infrastructure Challenges

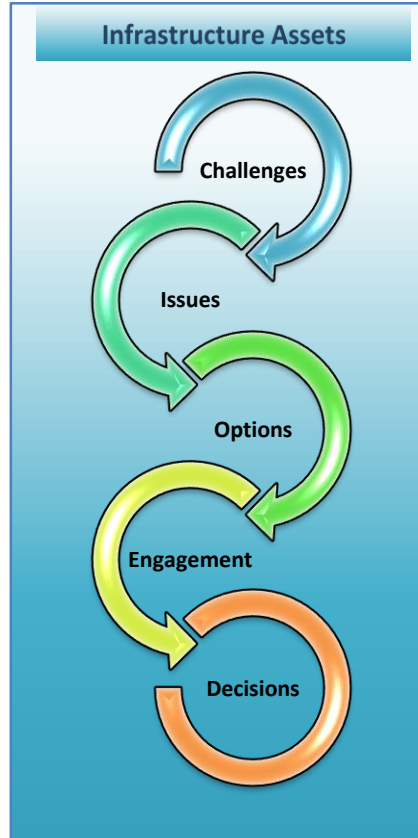
- Managing ageing assets
- Affordability
- Adapting to climate change
- Protect the economic productivity of the region
- Reduce risks to communities from natural events

### Significant Infrastructure Issues over next 30 years

- Ageing assets and impacts on levels of service
- Increasing environmental and regulatory performance expectations
- Adapting to climate change impacts
- Risk of natural hazards
- Economic conditions and affordability
- Growth and development

### Significant Infrastructure Options and Implications

- Deciding level of asset maintenance
- Continuing or changing current practice
- Enhancing performance and management techniques
- Raising community awareness



### Engaging with our community and stakeholders

- Working closely with the Catchment Liaison Committees
- Using community engagement techniques as set out in the Significance and Engagement Policy
- Involving tangata whenua in assessing options and decisions

### Significant Infrastructure Decisions (preferred approaches)

- Renew assets to a higher standard
- Enhance current practice with planned and targeted programme of environmental performance improvement
- Take strategic region-wide approach to climate change action
- Maintain practice on affordability but improve forecasting and analysis
- Raise community awareness of natural hazards and risks

### Capital Expenditure forecast

- Capital Expenditure Years 1 – 10 - \$16.7m
- Capital Expenditure Years 11 – 30 - \$0m

### Total Expenditure forecast

- Total Expenditure Years 1 – 10 - \$65.9m
- Total Expenditure Years 11 – 30 - \$139m

Asset category	Total length	Book value 30/6/20	Capital replacements	Capital improvements	Condition (across all assets)	Key components
Flood Protection	458 km (stopbanks)	\$27 million	Years 1-10 \$16.7m	Years 1-10 \$65.9m Years 11-30 \$139m	21% Very Good (1) or Good (2) 53% Fair (3)	<ul style="list-style-type: none"> <li>• Stopbanks</li> <li>• Culverts/Structures</li> <li>• Dams</li> <li>• Lake Hawkins pump station &amp; drain</li> </ul>

## 1. PURPOSE OF THE INFRASTRUCTURE STRATEGY

Environment Southland manages flood protection infrastructure assets with a book value of \$27 million. The assets provide services to the region that are essential in managing risks associated with natural hazards, enabling economic productivity and providing for community wellbeing. It is important that these assets are managed in a way that ensures that the required outcomes and level of service are delivered in the most cost-effective manner to present and future generations.

The purpose of the Infrastructure Strategy is to:

- identify significant infrastructure challenges and issues for Council over the next 30 years;
- consider and assess potential management options;
- identify a preferred way to manage these issues;
- outline the associated service and financial implications of managing these issues;
- provide the regional community with visibility and understanding of the issues and the long-term investment needs associated with the provision of the flood protection and river control assets over that timeframe.

### 1.1 Scope

This strategy has been prepared for the flood protection and river control works infrastructure as required under the LGA. It covers the following infrastructural assets:

- flood protection schemes, including “shovel ready” projects;
- river management and control works where there is a relationship to flood protection assets.

Matters related to land drainage management schemes are currently being dealt with outside of the flood protection and river control activity.

## 2. REGIONAL INFRASTRUCTURE CHALLENGES

Assets involved in flood protection have long lives and are important to both the regional and the national economy. The maintenance and renewal costs of those assets are significant and there is a need to ensure that any future expenditure is affordable. This will ensure the future performance of any scheme is preserved and flood protection will continue to be provided. The challenge for Environment Southland is ensuring the required costs to maintain the infrastructure can continue to be met considering the significant issues that have been identified and outlined below in significant infrastructure issues over this strategy’s 30-year span.

Flood infrastructure is funded by a mix of targeted and general rates. The funding mix reflects the direct benefits that both rural and urban landowners receive and also the wider community benefits and environmental improvements that are delivered. From time to time there will be a need to revisit this funding split in determining an appropriate funding policy, such as in the Waituna catchment where funds will be required for works to prevent stream bank erosion.

For most catchments, the value of the assets is relatively small, and the issue is not considered to be significant.

Ensuring that the funding of asset-related costs matches the period of benefit derived from the assets will continue to be important in managing the affordability of these services.

### 3. SIGNIFICANT INFRASTRUCTURE ISSUES OVER THE NEXT 30 YEARS

This section summarises the significant infrastructure issues facing Environment Southland over the next 30 years, the potential consequence of these issues and the Council’s proposed approach to managing these issue.

The significant infrastructure issues facing Environment Southland are as follows:

- 3.1 Ageing of assets and impact on levels of service
- 3.2 Increasing environmental and regulatory performance expectations
- 3.3 Adapting to climate change impacts
- 3.4 Risk of natural hazards
- 3.5 Economic conditions and affordability
- 3.6 Growth and development

The issues are discussed along with Council’s management approach in the following tables. To determine the approach, Council has considered a number of options and their potential implications. Council’s option is shown with a green heading.

3.1 Ageing of assets and impact on levels of service
<b>Why is it an issue?</b>
Many of Council’s assets were constructed and/or upgraded over the 1960s to 1990s period and will continue to provide a predicted useful life provided the maintenance programme is continued. These assets are critical in providing community resilience and ensuring people and property are safe from hazards associated with flooding. They also contribute to regional economic productivity and social wellbeing.
<b>Council’s approach to manage this issue</b>
Council expects to continue to undertake renewal programmes that ensure assets provide the level of service agreed with communities. This may lead to increased financial requirements due to expected impacts of climate change, higher environmental performance requirements and regulatory compliance. The practice of replacing ‘like with like’ is to be continually evaluated and technological improvements incorporated where this may extend asset life or reduce lifecycle costs. These matters will be incorporated into decision-making processes conducted with communities and based on the best information available.
It is forecast that an approximately \$65.9 million operational work maintenance programmes will be undertaken in the next 10 years and approximately \$189 million over the next 30 years. \$16.7 million of capital renewals will take place over the next 30 years.
Council’s approach is to renew assets to a higher standard, while noting that in some instances, this will require intervention and increased costs if the same level of service is to be provided. This approach must also be considered in the context of the other issues identified that follow.



A few alternative options for managing this issue were also considered and these are summarised below along with the associated implications.

<b>Reduced maintenance</b>	<b>Implications</b>
Assets could be allowed to decline.	<ul style="list-style-type: none"> <li>• Reduced levels of service.</li> <li>• Reduced costs.</li> <li>• Increased risks.</li> <li>• Environmental benefits (return of land to natural state, for example).</li> <li>• Adverse economic impacts.</li> </ul>
<b>Continue to maintain to current standard</b>	<b>Implications</b>
Assets maintained as at present.	<ul style="list-style-type: none"> <li>• Similar levels of expenditure.</li> <li>• Reducing level of service over time (climate change not currently provided for but a plan being developed). Intervention needed to maintain levels of service.</li> </ul>
<b>Renew assets to a higher standard</b>	<b>Implications</b>
Forecast future growth and demand may drive a higher level of service.	<ul style="list-style-type: none"> <li>• Reduced risks.</li> <li>• Higher capital and operating costs.</li> <li>• Improved asset lives.</li> </ul>

### 3.2 Increasing environmental and regulatory performance expectations

#### Why is it an issue?

Community, tangata whenua, and central government expectations in relation to environmental outcomes continue to increase over time. There is a strong community focus on water quality and Te Mana o Te Wai. Flood protection infrastructure is often located in areas of high environmental, recreational or conservation values and these values may be impacted by that infrastructure. Council's strategy is to achieve multiple outcomes wherever possible. This will be progressed by actively managing scheme effects, full regulatory compliance and achievement of a range of outcomes including, biodiversity and recreational opportunities.

#### Council's approach to manage this issue

It is intended that improvements in environmental performance continue to be achieved. Council will seek to:

- achieve the most appropriate balance between environmental and economic outcomes by applying best practice;
- continue to improve the level of understanding as to the impacts of flood and river schemes;
- apply innovative approaches to mitigation options. Managed retreat from "at risk" areas will need to be considered and may be favoured as a result of climate change and increased environmental objectives and requirements;
- obtain comprehensive consents that authorise activities over a significant period, providing increased certainty around mitigation requirements and costs;
- build and maintain collaborative relationships with tangata whenua and key stakeholders to assist in meeting regulatory requirements;
- consider opportunities for greater promotion of integrated and catchment-wide initiatives through use of green infrastructure including promotion of afforestation in upper catchments as a means of mitigating flood risk.

Council’s approach is to enhance current practice with a planned and targeted programme of environmental performance improvement.

Other alternative options for managing this issue were also considered and these are summarised below along with the associated implications.

Current practice	Implications
<p>Compliance with resource consents and other regulatory requirements.</p> <p>Achievements of currently agreed standards.</p>	<ul style="list-style-type: none"> <li>• Maintenance of current cost structure.</li> <li>• Failure to meet increasing expectations as to performance.</li> <li>• Declining environmental outcomes, some issues not addressed.</li> <li>• Decline in long-term sustainability of protection schemes.</li> </ul>
Enhance environmental performance	Implications
<p>More targeted enhancements and innovations to provide improved environmental outcomes.</p>	<ul style="list-style-type: none"> <li>• More sustainable long-term outcomes. Better information on which to make decisions.</li> <li>• Increased costs to meet higher standards.</li> <li>• Increased collaboration with stakeholders and partners to achieve multiple objectives.</li> <li>• Potential decommissioning, retreat and reversion to natural state.</li> </ul>

### 3.3 Adapting to climate change impacts

#### Why is it an issue?

Council’s strategic direction signals that it wishes to be more prepared to deal with climate change impacts. Climate change is likely to increase flood hazards, risks due to sea level rise, more frequent and more intensive storm events, additional pressure on the system caused by larger peaks in rainfall and longer dry periods, increased adverse river behaviour and perhaps saline intrusion further upstream. This will place pressure on Council’s assets and their services.

As indicated, Council must respond to climate change if current levels of service are to continue to be delivered. Council may also be asked by the community to consider new flood protection works in response to the impacts of climate change (refer to the Infrastructure Management Principles section of this strategy, which includes how Council will “respond to demands for new capital”).

#### Council’s approach to manage this issue

Council is developing a plan to address climate change impacts on its infrastructure. Amongst other things, the plan will set out considerations in relation to the management of river and flood protection infrastructure. This will:

- provide consistency on values, time frames and scenarios in relation to climate change projections for the Southland region;
- provide guidance to project managers to assist in preparing forward work programmes and financial forecasts;
- identify what likely effects climate change will have on our existing (and future) flood protection structures and associated levels of service.

Council’s approach is to take a more planned, strategic, congruent approach to climate change based on regionally developed information.

Other alternative options for managing this issue were also considered and these are summarised below along with the associated implications.

Current practice	Implications
Reliance on current design standards to accommodate short to medium term effects of climate change.	<ul style="list-style-type: none"> <li>• Deferral to a time when more substantial provision is needed.</li> <li>• Accumulation of infrastructural debt.</li> <li>• Risk that insufficient provision is in place.</li> </ul>
Planned and strategic approach	Implications
Regional standards in place and applied to all asset management and works programme functions over a longer planning period.	<ul style="list-style-type: none"> <li>• More planned and substantial provision made thus reducing risks to communities and to Council.</li> <li>• Consistent regional standards and guidelines in place.</li> <li>• Options in place to reduce Council’s carbon footprint.</li> </ul>

### 3.4 Risk of natural hazards

#### Why is it an issue?

Southland is prone to severe storms, potential tsunamis, and seismicity risks. Extreme events such as tsunamis, coastal storm surge, land instability and earthquakes pose significant threat to infrastructural assets and the services they provide.

There will always be risks associated with flood management infrastructure. Residual risks are those that exist despite protection being in place. Such risks may be associated with power supply outages, poor maintenance, vandalism, failure or overtopping. A significant portion of Council’s assets are sited on “liquefiable” soils making them prone to damage in a major earthquake.

#### Council’s approach to manage this issue

To minimise damage to flood protection assets and to respond effectively, Council will develop plans and processes that will:

- take a risk management approach;
- identify critical assets;
- incorporate climate change impacts into asset management processes;
- seek to reduce the damage potential of natural hazards on our assets;
- develop strategies to enable timely response following a natural hazard event;
- ensure funding policies are robust and appropriate.

Council will regularly review its disaster funding provisions to ensure that it can respond following adverse natural hazard events (refer Council’s Financial Strategy). Residual risk areas are to be identified and incorporated into the regional asset management plan and communicated to Council, the territorial councils and the wider community.

Council’s approach is to continue with current practice but to more actively raise community awareness of natural hazards and risks. This is consistent with Council’s strategy to increase community understanding of risks and resilience.

Other alternative options for managing this issue were also considered and these are summarised below along with the associated implications.

Current practice	Implications
Management of infrastructure based on risk and asset criticality.	<ul style="list-style-type: none"> <li>• Scheme reviews provide primary basis to respond to changes and maintain levels of service.</li> <li>• Response to natural hazard events within funding policy, including use of financial reserves and self-insurance.</li> <li>• Engagement with other agencies.</li> </ul>
Raising of community awareness	Implications
Focused strategies to raise awareness of hazards and risks.	<ul style="list-style-type: none"> <li>• Increased telemetry sites to enhance flood warning and monitoring outcomes.</li> <li>• Higher level of information collection to fully understand the impacts of river morphological change and residual risk.</li> <li>• More community engagement on risks.</li> </ul>

### 3.5 Economic conditions and affordability

#### Why is it an issue?

The region’s economic conditions have an impact on the ability of communities to pay for the services provided, particularly in the period of the COVID-19 pandemic. There are increasing pressures on the current level of funding to deliver more. In the future, there may be less funding available to fund flood protection. The affordability of the levels of service may be impacted by changes to the levels of natural risk, increased input costs, reduced returns from land use and changes to the cost of compliance. There is a strong link between social and economic trends. Trends such as an ageing population, urban drift and social inequality all have an impact upon the ability to fund infrastructure.

The construction sector within the Southland region is currently under some pressure. This is expected to continue for at least the short to medium term, and possibly beyond. This has an impact upon the availability of suitable contractors and consultants, costs and ability to deliver within expected timeframes.

#### Council’s approach to manage this issue

Council recognises the need to balance both the demand for current and additional services with the community’s ability to pay. The balance is achieved through the prioritisation of work requirements, sustainable revenue and financing policies and an awareness of community needs.

Given increasing pressures upon affordability, it is appropriate to keep under review the full range of scheme beneficiaries to assess if current funding policies continue to be appropriate.

Council will continue to improve its monitoring of economic indicators and trends<sup>2</sup> in order to anticipate the responses needed. The development of improved criteria and methodology around this will better inform decision-making.

Opportunities will be identified for cost efficiencies in the way work delivery programmes are procured.

Council’s approach is to continue with current practice but to increasingly apply improved methods of evaluating market conditions and forecasting costs and resource requirements.

<sup>2</sup> Southland Economic Project – refer to [Economy - Environment Southland \(es.govt.nz\)](https://www.es.govt.nz/economy-environment-southland)

Other alternative options for managing this issue were also considered and these are summarised below along with the associated implications.

Current practice	Implications
Prioritised work programmes implemented in consultation with communities as to their affordability.	<ul style="list-style-type: none"> <li>• Continuance of current funding policies.</li> <li>• Evaluate market conditions and ensure construction cost increases are incorporated into programme estimates and contingencies.</li> </ul>
Enhanced market evaluation and forecasting	Implications
Improved evaluation and forecasting of market trends, costs and resource availability.	<ul style="list-style-type: none"> <li>• Review of funding strategies to assess appropriateness.</li> <li>• Targeted consultation with communities as to affordability.</li> <li>• Development of advanced decision-making tools.</li> <li>• Enhanced procurement practices including letting of longer term large-scale contracts to provide greater certainty.</li> </ul>

### 3.6 Growth and development

#### Why is it an issue?

Population growth, land development and intensification activity all generate demand for additional levels of service. As growth continues, the demand for further new schemes and higher levels of protection can be expected.

In April 2017, changes were made to the RMA (section 6) highlighting the increasing level of natural hazard risk and the need to ensure growth and development does not increase these risks (and associated costs). Some development is proposed in areas of high or increasing natural risk and there is a need for information to be available to assist in decision making and managing community expectations.

#### Council's approach to manage this issue

Council's strategic direction supports sustainable growth and development. Council will continue to monitor regional growth and development with the view to planning for and incorporating growth requirements into ongoing maintenance and renewal programmes.

Collaboration with territorial authorities in relation to expected growth and developments will continue with respect to river and flood management. This will include identifying areas of risk. It may also include opportunities for innovative approaches to managing the impacts of development. For example, management of stormwater from urban areas, which could impact services provided by Council. There is a need to ensure enough information is available to assist in informing where there may be risks associated with development.

Council's approach is to continue with current practice but to seek to identify areas for improved growth forecasting and the development of relationships with other agencies.

Other alternative options for managing this issue were also considered and these are summarised below along with the associated implications.

Current practice	Implications
Growth and development trends are monitored, and forecasts incorporated into forward programmes.	<ul style="list-style-type: none"> <li>• Technical and financial viability, environmental impacts and community and cultural acceptability are assessed for proposals associated with any demand for new services.</li> </ul>
Enhanced demand forecasting	Implications
Improvements in information gathering, analysis and forecasting to assist in decision-making regarding infrastructure.	<ul style="list-style-type: none"> <li>• More robust planning and assessment procedures to manage risks and ensure mitigation measures are in place and funded in a sustainable manner.</li> <li>• More definitive information available as to areas of risk and trends.</li> <li>• More formal agreement and closer working relationship with territorial authorities.</li> <li>• Improved forecasting of future changes.</li> </ul>

#### 4. APPROACH TO INFRASTRUCTURE MANAGEMENT

Environment Southland has management responsibility for the delivery of flood protection within the Southland region. Flood infrastructure assets associated with these services include stopbanks, flood gates and pump stations. Management of these assets is crucial to support the Council’s mission of “working with our communities to improve Southland’s environment” as these assets serve to:

- protect the economic productivity of the region;
- reduce risks to communities from natural hazard events;
- contribute to community wellbeing.

The approach taken by Council in managing its flood protection infrastructure assets is based on the key principles outlined below. These underpin Council’s overall objectives for infrastructure planning and practice, which are to ensure that:

- Council services and infrastructure assets provide appropriate levels of service in a sustainable manner over the long-term;
- Council infrastructure assets are managed in accordance with statutory and regulatory requirements;
- a whole of life approach is taken for all decisions on infrastructure assets incorporating asset lifecycles and condition ratings;
- an integrated catchment management approach is taken to the planning, delivery, operation, renewal and disposal of infrastructure assets while being responsive to any major changes of land use in each catchment;
- Council engages with tangata whenua and the Iwi Management Plan – Te Tangi a Taurira, community and other relevant stakeholders associated with the delivery of services and the management of infrastructure assets.



**4.1 Infrastructure management principles**

**4.1.1 Decisions are aligned with the council’s strategic direction and priorities**

Council seeks to meet the needs of the community and support the delivery of those services set out in the Council’s LTP. The Council has reviewed its strategic direction and priorities for the 2021–2031 period. We will ensure that infrastructural services are managed in alignment with Council’s strategic direction.

A key strategic priority is to increase community understanding of risks and resilience. In this regard, Council will continue to maximise opportunities to inform the community as to areas of natural risk and the measures in place to manage these risks.

**4.1.2 Maintaining established infrastructure and levels of service**

Our existing flood protection and land drainage infrastructure has developed over the last 100 years and has contributed to and enabled regional population and economic growth. This infrastructure underpins the regional economy by providing safety, certainty and protection from natural hazard events. The levels of services have been consulted on with the affected Catchment Liaison Committees, e.g. Gore re stopbank improvements, and they tell us that they seek for these levels of service to be maintained. We will periodically consult with the community in regard to levels of service provision for flood protection standards<sup>3</sup> and provide appropriate emergency responses to ensure services are uninterrupted where possible.

Flood Protection Standards			
<b>Urban</b>			
Community service	level	of	Maintain urban areas banks to achieve a 1% Annual Exceedance Probability (AEP) Standard of Protection (SoP) until 2050 (2020/21 baseline required) – caters for a 1 in 100 year annual return period flood.
<b>Rural</b>			
Community service	level	of	Maintain rural banks at the current levels to achieve a 5% AEP SoP by 2050 (2020/21 baseline required) caters for a 1 in 20 year annual return period flood.

**4.1.3 Collecting and maintaining best possible data and information**

Sound decisions are dependent upon the ongoing collection and management of appropriate information. Council places high importance on regular river surveys, condition and performance surveys and structural inspections and auditing to inform work programmes and associated activities. This also enables us to identify and ensure appropriate management of our most critical assets.

Improving the quality and accuracy of our data that informs these decisions is an ongoing activity that Council is committed to.

**4.1.4 Appropriate replacement of existing infrastructure (renewals)**

Different infrastructure assets will deteriorate at different rates over time. This may lead to underperformance of the asset, increased risk of failure and increased maintenance requirements. Undertaking asset renewals is an appropriate way to extend an asset’s working life and these are planned (in conjunction with asset lifecycle assessments) to deliver the most efficient use of

<sup>3</sup> Review of Environment Southland’s Infrastructure Strategy Levels of Service (LoS) in Consideration of the Auditor General Report “Matters arising from our audits of the 2018 – 2028 long-term plans”. Catchment Division, Environment Southland, December 2020.

expenditure and to help with application of current costs to proposed renewals or planned renewals programming.

#### **4.1.5 Taking account of climate and morphological change**

We expect that the effects of climate change will impact on our infrastructure and the way we manage it. Our work programme will include a level of response needed based on regional climate change forecasts<sup>4</sup>. These changes will be comprehensively discussed and options for addressing the challenges consulted on with tangata whenua and communities.

Rivers and catchments are natural systems that are subject to continual change. These changes and their consequences in terms of the continuity of service delivery, need to be understood and actively managed. For instance, some of the beds of river systems are aggrading due to higher silt loads and changes in the characteristics of the river channel. These changes have the potential to compromise levels of service. We will therefore actively monitor and survey rivers as part of the regular review of scheme performance.

#### **4.1.6 Responding to demands for new capital**

Council will consult with communities in relation to requests for any new capital work initiatives. Funding will be agreed based on Council's revenue and financing policy – a requirement of the Local Government Act 2002. In general terms, this means that costs will be met by those that benefit or contribute to the need for the capital work.

#### **4.1.7 Service sustainability**

We intend to carry out regular reviews of the long-term sustainability of our river and flood protection assets and the service they provide. This is recognised as being necessary considering potential challenges associated with climate change impacts, tangata whenua and environmental expectations, and affordability.

## **5. INFRASTRUCTURE INVESTMENT PROGRAMME**

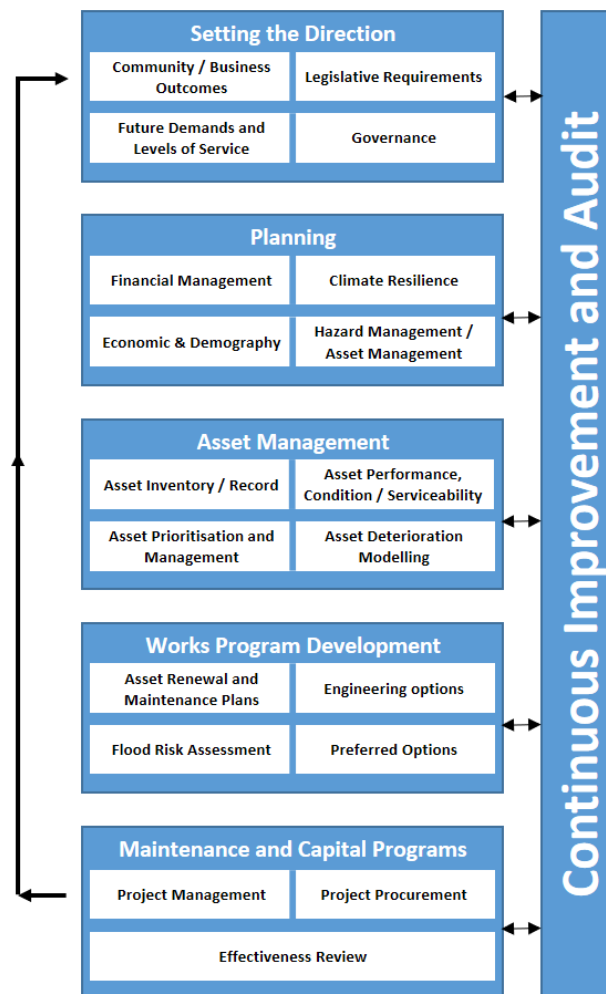
The issues, options, and implications highlight the need for an investment programme to manage the risks. The current programme utilises Asset Management Plans and other projects such as the collaboration with the Government on the “shovel ready” projects.

### **5.1 Delivery framework**

The ongoing delivery framework diagram below shows how current and future trends are incorporated for decision-making. As more becomes known around inputs for decision-making, level of service reviews will become more important as affordability may become an issue. The Catchment Liaison Committees are the bodies to assist the Council in determining the appropriate level of service as their members gain the main benefit and pay most of the costs of the river control works.

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<sup>4</sup> *Southland climate changes impact assessment*. NIWA, August 2018.



The delivery framework shows that updated climate forecasts are likely to eventually lead to change from the current engineering approach to managing flood risk. In the longer-term, other delivery options through the application of a continuous improvement approach may become more cost effective, however, these need to be assessed based on climate impacts, levels of service, and affordability.

## 5.2 Shovel ready projects

The Government awarded the Council funding of \$13.9 million in 2020 to carry out “shovel ready” projects to improve the resilience of the Council flood protection infrastructure. The purpose of the funding is to enable Environment Southland to deliver a floodplain risk management programme of works to improve infrastructure resilience in relation to climate resilience. There is an emphasis on using local contractors as part of the projects to provide economic benefits to the Southland community. Under the terms of the contract, Environment Southland will provide 25% of the funding requirements of the programme and anything in excess of the original funding agreement. This will be met by existing reserves and debt. The total project costs of the shovel ready projects are budgeted to be \$18.7 million, with \$16.7 million budgeted to be completed over years 1 and 2 of this strategy.

Project	Total Project Cost	Cost over 30 year strategy	Govt Funding	ES Funding	Year Complete
Waimumu Stopbank Upgrade	\$2 million	\$1.95 million	\$1.5 million	\$500,000	2022/23
Gore Town Stopbank Upgrade	\$2 million	\$1.91 million	\$1.5 million	\$500,000	2022/23

Project	Total Project Cost	Cost over 30 year strategy	Govt Funding	ES Funding	Year Complete
Wyndham Town Stopbank Upgrade	\$2.5 million	\$2.38 million	\$1.875 million	\$625,000	2022/23
Mataura Stopbank Protection	\$1 million	\$918,000	\$750,000	\$263,514	2021/22
Mataura Town Stopbank Upgrade	\$2.5 million	\$2.34 million	\$1.875 million	\$625,000	2022/23
Waiau River Flood Damage	\$1.1 million	\$525,000	\$750,000	\$423,303	2021/22
Boundary Creek Stopbank Upgrade	\$500,000	\$329,000	\$375,000	\$125,000	2021/22
Otepunu Stopbanks Upgrade	\$500,000	\$476,000	\$375,000	\$125,000	2021/22
Waihopai Stopbank Upgrade	\$3.5 million	\$3.37 million	\$2.625 million	\$875,000	2021/22
Stead St Pump Station replacement and upgrade	\$3 million	\$2.49 million	\$2.25 million	\$750,000	2021/22
<b>Total</b>	<b>\$18.7 million</b>	<b>\$16.7 million</b>	<b>\$13.9 million</b>	<b>\$4.8 million</b>	

### 5.3 Invercargill Stead Street and Cobb Road Stopbanks

Invercargill City Council is upgrading Stead Street and Cobb Road stopbanks. This will protect Invercargill Airport and the surrounding area from storm surges and possible flooding. Invercargill City Council proposes to transfer ownership and responsibility of the asset to Environment Southland once the project is completed. A review of the costs and benefits of such a transfer will be undertaken once their work has been completed. Subsequent consultation with ratepayers will take place should the transfer be considered beneficial.

### 5.4 Planning asset renewals

Council undertakes physical inspection of assets on an annual basis. This allows performance to be determined which confirms or influences the assigned remaining life of the asset (asset lives are contained in asset management plans and in Council's information system). In addition to visual inspections, Council is undertaking a programme of structural audits, which commenced in 2019. This programme is ongoing.

For the first 10 years, confirmed works programmes and project estimates are the dominant influence on the forecast expenditure associated with asset renewals. Beyond the 10-year horizon, the combination of current asset values (determined through asset revaluation and remaining asset lives) are used to estimate longer term renewal forecasts out to 30 years in the future. Council's infrastructure assets generally deteriorate gradually over time. Therefore, it is not critical that a pumping station, culvert, floodgate or stopbank is renewed or replaced in a particular year. Where practical, Council will smooth planned replacement programmes to ensure effective use of resources and management of risk.

## 5.5 Infrastructure expenditure assumptions

The Infrastructure Strategy investment programme is based on the following assumptions:

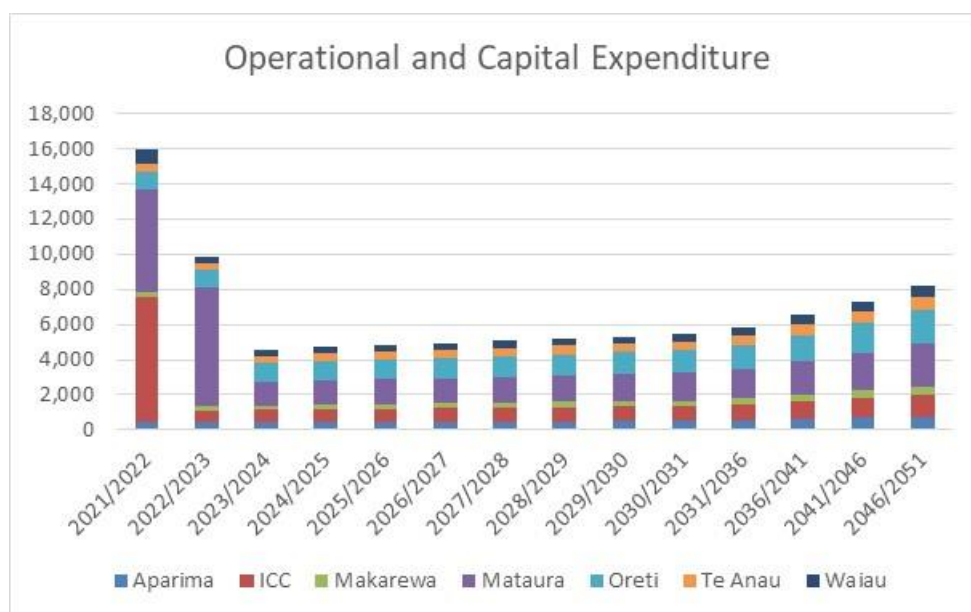
- Council’s renewals are based on historic asset data and the current knowledge held within the Catchment Operations Division, the assumptions developed through this process have been adopted into the infrastructure strategy. All capital renewal expenditure is based on the continued provision of current levels of service;
- Policy and planning frameworks will limit growth and development in flood prone areas. Therefore, there will be only limited associated impact on additional growth-related investment;
- Responding to major natural hazard events is assumed to be funded through insurance and disaster reserves;
- Inflation adjustments have been made using BERL inflation indices.

## 5.6 Total expenditure

In addressing the issues identified in the significant infrastructure issues over the next 30 years’ section of this strategy, Council expects to spend a total of \$16.7 million on capital renewal expenditure between 2021 and 2051. Over the same period, \$189 million is expected to be spent on non-capital related cost including ongoing operating and maintenance, and labour. These figures are anticipated to be spread across the catchments schemes as shown in the following table.

Rating District	Capital expenditure	Operational expenditure	Total expenditure
Aparima	\$0	\$17.2m	\$17.2m
Invercargill City Council	\$6.33m	\$29.3m	\$35.6m
Makarewa	\$0	\$10.9m	\$10.9m
Mataura	\$9.83m	\$55.0m	\$64.8m
Oreti	\$0	\$44.0m	\$44.0m
Te Anau Basin	\$0	\$17.2m	\$17.2m
Waiau	\$525,000	\$15.0m	\$15.5m
<b>Total</b>	<b>\$16.7m</b>	<b>\$188.6m</b>	<b>\$205.3m</b>

The total expenditure profile over time across the capital and operating expenditure categories is shown in the table below. The total annual expenditure is shown from 2021/22 to 2031/32 and then an average spend over five-year periods is shown between 2032 and 2051.



As shown in both tables above, the vast majority of the forecast expenditure in relation to Council’s flood control and river management assets is associated with operational requirements of maintaining the infrastructure.

**5.7 Capital expenditure**

Council’s current flood control infrastructure has been built to agreed levels of service required and maintained, resulting in an initial capital investment followed by a long-life operational programme. The Council plans to invest resources over the short-term in better data collection, modelling and usage to ascertain what the long-term infrastructure requirements and levels of service are over the next 30 years. This will lead to more informed decision-making and provide Council with the opportunity to respond to community and environmental needs.

Environment Southland has the capacity to debt fund new and growth based infrastructure and respond to increased level of service requirements. The Council has strong cash reserves in order to meet its operational maintenance needs.

The following table summarises the significant capital decisions required to be made by Council to 2051.

Significant Capital Expenditure Decisions	Overview	Options	Implications	Decision required by
Shovel Ready Projects	Government Initiated Flood Protection programme to improve climate change resilience of assets.	Agree to work: This will bring forward Capex Expenditure and improve resilience.  Reject	<ul style="list-style-type: none"> <li>• Council is required to fund 25% of required works.</li> <li>• Will improve resilience of key assets.</li> <li>• Council will be required to fund majority of work over longer term.</li> </ul>	Already made
Stead Street/Cobb Road Stopbanks	Invercargill City Council building a flood protection scheme. Possibility of vesting ownership with Environment Southland.	Accept ownership of vested Asset  Reject ownership of vested asset.	<ul style="list-style-type: none"> <li>• Will give control of key flood protection system to ES</li> <li>• Ongoing maintenance costs and benefits to be determined.</li> <li>• Key part of flood protection scheme will not be controlled by ICC.</li> </ul>	2024/25

**5.8 Updating expenditure forecasts**

It is expected that with each review of Asset Management Plans, LTP and the Infrastructure Strategy, the cost estimates will be updated, particularly in the early parts of the plan. This will enable the forecasts to be updated to reflect more detailed design and understanding of costs associated with those projects progressing in the early years.



## 6. APPENDIX 1 – Supporting Information

### 6.1 Condition of Flood Protection Assets

A condition grade or score is provided against each individual asset item in the Council’s Asset Management Plans. These scores provide an indication of the condition of each item following on-site inspections of each asset item. The detailed listings of assets and their individual condition scores are held in a database by the Catchment Operations team and are updated on an ongoing basis. The condition grades should also be read in conjunction with the Priority Rating table which allocates a priority ranking and time scale to the required asset maintenance projects.

The condition grades or scores are assessed from the following table:

Condition Grade	Rating	Description
1	Very Good	Structurally sound with some cosmetic defects that have no effect on performance.
2	Good	Structurally sound but with some evident minor defects.
3	Moderate	Adequate structure with some minor defects visible that may develop into significant defects in the long-term. Assets anticipated to be at condition grade 3 for majority of useful life.
4	Poor	Structurally significant defects identified likely leading to loss of stability in the medium-term. Majority of assets anticipated to be near end of useful life.
5	Very Poor	Structural integrity at early stages of failure and/or complete failure anticipated in the short-term.

#### Priority Rating

Priority	Rating	Description
1	Very High	Requires Immediate intervention within this financial year.
2	High	Requires intervention within this or next financial year.
3	Moderate	Requires Intervention within 2 years.
4	Low	Requires intervention within 3 years.
5	Very Low	Requires Intervention within 5 years.

The following tables provide an indicative high-level overview of the condition of the key assets within each catchment. They are based on an interpretation of the available data from the asset database, as at December 2020. For a more detailed breakdown, information can be provided from the asset database on request.

#### Southland Region Stopbank Condition

Condition Grade	% Assets with	
	Condition Grade	Potential Risks
	<b>1-5</b>	
<b>1 - Very Good</b>	0%	Low
<b>2 - Good</b>	20%	Low
<b>3 - Moderate</b>	52%	Low
<b>4 - Poor</b>	23%	Low
<b>5 - Very Poor</b>	4%	Medium

### Southland Region Culverts/Structures Condition

Condition Grade	% Assets with	
	Condition Grade	Potential Risks
	<b>1-5</b>	
<b>1 - Very Good</b>	3%	Low
<b>2 - Good</b>	18%	Low
<b>3 - Moderate</b>	53%	Low
<b>4 - Poor</b>	10%	Low
<b>5 - Very Poor</b>	16%	Medium

### Southland Region Detention Dams Condition

Condition Grade	% Assets with	
	Condition Grade	Potential Risks
	<b>1-5</b>	
<b>1 - Very Good</b>	0%	Low
<b>2 - Good</b>	0%	Low
<b>3 - Moderate</b>	100%	Low
<b>4 - Poor</b>	0%	Low
<b>5 - Very Poor</b>	0%	Medium

As the infrastructure management system is in the middle of changing how the various lengths of structures are defined (to provide a greater degree of accuracy and detail), there are about 26% of all stopbanks and culverts that have yet to have a condition score applied to them. Those gaps will be filled over the period to the next LTP.

It is also expected that the implementation of the “shovel ready” projects will also adjust the condition scores on a range of the assets ahead of the next LTP.

## 6.2 Climate change context

Climate change is a pressing issue for local authorities in New Zealand. Weather pattern changes resulting from climate change will affect the way Environment Southland operates and plans for improvements to their flood protection infrastructure. Adaptation will be the key response approach by local authorities as circumstances will vary nationally.

Environment Southland is working with the other local authorities within the region to formulate climate change strategies and action plans that are tailored to the local communities and circumstances. The aim is a co-ordinated approach to the research, community engagement and discussions, and that potential mitigations are taken.

The Regional Policy Statement (RPS) recognises that provision needs to be made for the effects of climate change in natural risk assessment. It promotes that authoritative up-to-date projections of changes in sea level, rainfall, temperature, and storm frequency and severity will be used as updated scientific data becomes available and/or guidance comes from central Government.

In 2018, the four Councils commissioned a report by the National Institute of Water and Atmospheric Research (NIWA). The report projected that the impacts of climate change in Southland will result in an increased variability. This may increase the overall risk to the community and its economic productivity.

As sea levels rise from climate change, the frequency and severity of storm and flood events is likely to increase. This will increase the risk exposure to Environment Southland owned river management assets.

What does this mean for Southland's flood protection assets? The major impacts can be broadly summarised:

- decreases in the effectiveness of existing infrastructure due to higher flood return periods;
- increased pressure on existing infrastructure as the frequency/intensity of flooding events increases;
- increases to insurance premiums (and increased possibility that insurance companies are not prepared to insure in some cases) that protect against possible asset damage or loss.

In the long-term, the increase in risk, combined with the increase in losses, both locally and globally, could increase the cost of risk transfer. Strengthening and adapting to changing conditions will help mitigate these potential cost increases. It will be up to Council's insurance intermediary to optimise risk transfer arrangements and this necessitates a good understanding of the assets, risk management processes and risk appetite/tolerance within Environment Southland. The cost benefit between self-retention, risk transfer and physical mitigation will need to be reviewed on a regular basis to ensure that the optimal programme is in place.

The need to increase the standard of flood protection of existing infrastructure, the need to add new flood protection infrastructure and a consideration of alternative ways of minimising these risks must be considered as part of Environment Southland's long-term outlook. There will be an expectation that Environment Southland continues to meet community expectations by providing agreed levels of service. The capacity of Environment Southland to respond to the changing hazardscape relies on its ability to pay for changes to the network. How the ability to pay might be realised will depend, in part, on the demographic composition of the region.

### 6.3 Specific Infrastructure Assumptions

The useful lives of assets are set out in detail in the statement of accounting policies in the LTP. The infrastructural assets Environment Southland owns in relation to its flood protection and control schemes include the following asset types:

- stopbanks and earthworks;
- detention dams;
- bridges;
- a pumping station;
- floodway land;
- large culverts; and
- tide gate structures.

It should be noted that each asset type includes all items that are required for the flood protection and control schemes to function. Stopbanks and earthworks are maintained in an acceptable operational condition and as such they do not incur a loss of service potential over time. Accordingly, stopbanks and earthworks assets are not depreciated for long-term planning purposes.

Environment Southland commenced a full review of its flood protection assets management system and inventory in 2019 and this will continue through 2021. The review is assessing the design standard and performance of the flood protection and control schemes utilising physical inspections. The physical inspections undertaken to date have confirmed that the condition of the schemes is consistent with the accounting lives being used in long-term planning.

## 6.4 Other Assumptions

Assumption/confidence	Consequence
Inflation adjustments have been made on the basis of BERL inflation indices.	Changes to inflation will adjust the financial assumptions and may impact project cost benefit analysis and viability.
Demographic issues have been inferred on the basis of Statistics NZ estimates and projections.	The relatively low levels of expected population change in Southland simplify longer term planning. Large changes in population, either decline or growth, will likely have impacts on required infrastructure improvements and the ability to pay for those improvements.
Policy and planning will limit growth in flood prone areas.	Proactive planning and hazard mitigation will lessen the risk associated with flooding events incurred by activities or improvements located in flood prone areas.
No expected legislation likely to impact infrastructure requirements.	Long-term infrastructure planning has occurred on the assumption that no changes to legislation will force construction, upgrades, projects or expenditure beyond what is currently required.
Insurance	<p>Environment Southland will continue to use Aon as its insurance broker.</p> <p>The majority of insurers, including the Insurance Council of New Zealand, and insurance intermediaries are signed up to the Paris Pledge for Action, the new universal climate agreement that was developed at the COP21 in Paris in 2015. The consensus from the industry is that climate change is a serious and emerging threat and that it is going to have a global impact on the industry. However, there is no consensus or agreement on whether the insurance industry will thrive or falter as the environment changes and the likelihood/consequence of natural disasters increase. There is also no universally agreed approach in response either regionally or internationally.</p>

## 7. FINANCIAL FORECASTS OF ANNUAL OPERATING AND CAPITAL EXPENDITURE

### Financial Forecasts of Annual Operating and Capital Expenditure 2021-2051

#### Combined Summary

	Year 1 2021/2022	Year 2 2022/2023	Year 3 2023/2024	Year 4 2024/2025	Year 5 2025/2026	Year 6 2026/2027	Year 7 2027/2028	Year 8 2028/2029	Year 9 2029/2030	Year 10 2030/2031	Years 11-15 2031/2036	Years 16-20 2036/2041	Years 21-25 2041/2046	Years 26-30 2046/2051
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Funding Sources</b>														
Separate Rates	2,775	2,857	2,940	3,020	3,100	3,175	3,254	3,333	3,410	3,482	18,705	21,060	23,711	26,696
Interest on Rating District Funds	39	39	39	39	39	39	39	39	39	39	138	138	138	138
Surplus (Te Anau and Oreti)	51	53	56	58	59	61	62	64	65	67	358	403	454	511
External Recoveries (Te Anau and Waiau)	379	390	402	413	424	435	446	457	468	478	2,568	2,891	3,256	3,665
General Funds	1,068	1,103	1,138	1,172	1,207	1,238	1,272	1,306	1,339	1,369	7,356	8,282	9,324	10,498
Capital Grants - Shovel Ready	8,758	4,071	0	0	0	0	0	0	0	0	0	0	0	0
Local Share - Shovel Ready	2,922	1,352	0	0	0	0	0	0	0	0	0	0	0	0
	<b>15,993</b>	<b>9,864</b>	<b>4,574</b>	<b>4,702</b>	<b>4,829</b>	<b>4,947</b>	<b>5,073</b>	<b>5,198</b>	<b>5,321</b>	<b>5,435</b>	<b>29,124</b>	<b>32,773</b>	<b>36,882</b>	<b>41,508</b>

#### Operating and Capital Expenditure

Personnel and Direct Costs	935	714	649	667	685	702	720	738	756	772	4,088	4,491	4,935	5,422
Cost of Works	3,277	3,293	3,387	3,483	3,579	3,667	3,761	3,854	3,947	4,033	21,663	24,390	27,461	30,918
Transfer to Reserves	-60	20	20	21	21	22	23	24	25	25	135	152	171	192
Depreciation	50	50	50	50	50	50	50	50	50	50	250	250	250	250
Overheads	439	453	467	481	494	506	519	531	544	556	2,985	3,361	3,784	4,261
Capital Expenditure	11,352	5,334	0	0	0	0	0	0	0	0	0	0	0	0
	<b>15,993</b>	<b>9,864</b>	<b>4,573</b>	<b>4,702</b>	<b>4,829</b>	<b>4,947</b>	<b>5,074</b>	<b>5,198</b>	<b>5,322</b>	<b>5,436</b>	<b>29,120</b>	<b>32,644</b>	<b>36,600</b>	<b>41,042</b>

#### Notes

1. Costs included here are the costs of the River Management function relating to this rating district. They include the costs of managing the scheme. Only a portion of River Management costs (estimated at 15% of the River Management function) directly relate to maintenance of the flood protection assets (stopbanks etc). The rest is for costs associated with the scheme such as channel maintenance. Costs of the land drainage function are not included, nor are the costs of gravel monitoring.

2. Years 11-30 have had inflation applied by individual years, with the figures shown being the sum of the 5 year group.

#### Assumptions

Inflation rates are as per the 20 year average of Sept 2020 BERL "Planning and regulation" and "Water and environmental" (Table 4.15) adjustment percentages as applied in the Long-term Plan apart from Personnel and Direct costs which apply the BERL "All salary and wage rates-local government sector" adjustor (Table 7.8).

Interest on Rating District funds is at 1% and will apply from the 2021/2022 year.

Level of work required is reasonably constant over time.

Any major damage events will be covered by insurance and rating district funds.

Costs are based on the 2021/2022 budget, and are funded in accordance with the Revenue and Financing Policy.

Policy adopted of increasing and/or maintaining individual rating district's reserves and working capital balances determined by Council's "Reserves Expenditure Policy".

**Financial Forecasts of Annual Operating and Capital Expenditure 2021-2051**

(See Notes and Assumptions on Combined Summary sheet)

**Aparima Rating District**

	Year 1 2021/2022	Year 2 2022/2023	Year 3 2023/2024	Year 4 2024/2025	Year 5 2025/2026	Year 6 2026/2027	Year 7 2027/2028	Year 8 2028/2029	Year 9 2029/2030	Year 10 2030/2031	Years 11-15 2031/2036	Years 16-20 2036/2041	Years 21-25 2041/2046	Years 26-30 2046/2051
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating and Capital Expenditure</b>														
Personnel and Direct Costs	71	74	76	78	81	83	85	87	89	91	481	528	580	638
Cost of Works	316	294	303	311	320	328	336	344	353	360	1,936	2,180	2,454	2,763
Transfer to Reserves	-39	-9	-10	-10	-10	-11	-11	-11	-11	-12	-64	-73	-82	-92
Depreciation	3	3	3	3	3	3	3	3	3	3	15	15	15	15
Overheads	45	47	48	49	51	52	53	55	56	57	307	345	389	438
	396	408	420	432	443	454	466	477	489	499	2,674	2,996	3,357	3,762

**ICC Rating District**

	Year 1 2021/2022	Year 2 2022/2023	Year 3 2023/2024	Year 4 2024/2025	Year 5 2025/2026	Year 6 2026/2027	Year 7 2027/2028	Year 8 2028/2029	Year 9 2029/2030	Year 10 2030/2031	Years 11-15 2031/2036	Years 16-20 2036/2041	Years 21-25 2041/2046	Years 26-30 2046/2051
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating and Capital Expenditure</b>														
Personnel and Direct Costs	339	187	194	199	205	210	215	221	226	231	1,221	1,342	1,474	1,620
Cost of Works	311	320	329	339	348	357	366	375	384	392	2,106	2,371	2,669	3,005
Transfer to Reserves	41	42	44	45	46	48	49	50	52	53	284	319	360	405
Depreciation	21	21	21	21	21	21	21	21	21	21	105	105	105	105
Overheads	119	123	128	131	135	138	142	145	149	152	816	918	1,034	1,164
Capital Expenditure	6,333	0	0	0	0	0	0	0	0	0	0	0	0	0
	7,165	694	715	735	755	773	793	812	831	848	4,531	5,055	5,642	6,299

**Makarewa Rating District**

	Year 1 2021/2022	Year 2 2022/2023	Year 3 2023/2024	Year 4 2024/2025	Year 5 2025/2026	Year 6 2026/2027	Year 7 2027/2028	Year 8 2028/2029	Year 9 2029/2030	Year 10 2030/2031	Years 11-15 2031/2036	Years 16-20 2036/2041	Years 21-25 2041/2046	Years 26-30 2046/2051
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating and Capital Expenditure</b>														
Personnel and Direct Costs	33	34	35	37	38	38	39	40	41	42	224	246	270	297
Cost of Works	193	199	204	210	216	221	227	232	238	243	1,306	1,471	1,656	1,865
Transfer to Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overheads	23	23	24	25	25	26	27	27	28	29	154	174	195	220
	249	256	264	271	279	286	293	300	307	314	1,684	1,890	2,122	2,382



### Financial Forecasts of Annual Operating and Capital Expenditure 2021-2051

(See Notes and Assumptions on Combined Summary sheet)

#### Mataura Rating District

	Year 1 2021/2022	Year 2 2022/2023	Year 3 2023/2024	Year 4 2024/2025	Year 5 2025/2026	Year 6 2026/2027	Year 7 2027/2028	Year 8 2028/2029	Year 9 2029/2030	Year 10 2030/2031	Years 11-15 2031/2036	Years 16-20 2036/2041	Years 21-25 2041/2046	Years 26-30 2046/2051
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating and Capital Expenditure</b>														
Personnel and Direct Costs	306	242	159	164	168	172	177	181	185	189	1,002	1,101	1,210	1,329
Cost of Works	982	960	987	1,015	1,043	1,069	1,096	1,123	1,150	1,175	6,314	7,109	8,004	9,012
Transfer to Reserves	-50	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	9	9	9	9	9	9	9	9	9	9	45	45	45	45
Overheads	162	167	173	178	183	187	192	197	201	206	1,105	1,244	1,401	1,577
Capital Expenditure	4,494	5,334	0	0	0	0	0	0	0	0	0	0	0	0
	5,903	6,711	1,328	1,365	1,403	1,437	1,474	1,510	1,546	1,579	8,466	9,499	10,659	11,963

#### Oreti Rating District

	Year 1 2021/2022	Year 2 2022/2023	Year 3 2023/2024	Year 4 2024/2025	Year 5 2025/2026	Year 6 2026/2027	Year 7 2027/2028	Year 8 2028/2029	Year 9 2029/2030	Year 10 2030/2031	Years 11-15 2031/2036	Years 16-20 2036/2041	Years 21-25 2041/2046	Years 26-30 2046/2051
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating and Capital Expenditure</b>														
Personnel and Direct Costs	103	107	110	114	117	120	123	126	129	132	696	765	840	923
Cost of Works	866	891	917	943	969	993	1,018	1,043	1,068	1,092	5,865	6,603	7,435	8,371
Transfer to/(from) Reserves	-32	-33	-34	-35	-36	-36	-37	-38	-39	-40	-215	-242	-272	-307
Depreciation	17	17	17	17	17	17	17	17	17	17	85	85	85	85
Overheads	55	57	59	60	62	63	65	67	68	70	375	422	475	535
	1,009	1,039	1,069	1,098	1,128	1,156	1,185	1,214	1,243	1,270	6,806	7,634	8,563	9,608

#### Te Anau Basin Rating District

	Year 1 2021/2022	Year 2 2022/2023	Year 3 2023/2024	Year 4 2024/2025	Year 5 2025/2026	Year 6 2026/2027	Year 7 2027/2028	Year 8 2028/2029	Year 9 2029/2030	Year 10 2030/2031	Years 11-15 2031/2036	Years 16-20 2036/2041	Years 21-25 2041/2046	Years 26-30 2046/2051
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating and Capital Expenditure</b>														
Personnel and Direct Costs	32	33	34	35	36	37	38	39	40	41	214	236	259	284
Cost of Works	353	364	374	385	395	405	415	426	436	446	2,393	2,694	3,034	3,416
Transfer to Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	1	1	1	1	1	1	1	1	1	1	5	5	5	5
Overheads	6	6	7	7	7	7	7	8	8	8	42	48	54	60
	392	404	416	428	439	450	462	473	484	495	2,655	2,983	3,351	3,765

#### Waiau Rating District

	Year 1 2021/2022	Year 2 2022/2023	Year 3 2023/2024	Year 4 2024/2025	Year 5 2025/2026	Year 6 2026/2027	Year 7 2027/2028	Year 8 2028/2029	Year 9 2029/2030	Year 10 2030/2031	Years 11-15 2031/2036	Years 16-20 2036/2041	Years 21-25 2041/2046	Years 26-30 2046/2051
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating and Capital Expenditure</b>														
Personnel and Direct Costs	50	38	40	41	42	43	44	45	46	47	249	274	301	331
Cost of Works	257	265	272	280	288	295	302	310	317	324	1,742	1,961	2,208	2,486
Transfer to Reserves	20	20	20	21	22	22	23	23	24	24	130	147	165	186
Overheads	28	29	30	31	31	32	33	33	34	35	186	210	236	266
Capital Expenditure	525	0	0	0	0	0	0	0	0	0	0	0	0	0
	880	352	362	372	382	392	402	411	421	430	2,308	2,592	2,911	3,269

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FINANCIAL  
INFORMATION

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# Prospective Financial Statements

## Prospective Statement of Comprehensive Revenue (by Groups of Activities) for the 10 Years Ended 30 June 2031

Annual Plan		Long-term Plan									
Year ended		Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
30 June 2021		30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>											
10,689	General Rates	14,137	14,979	15,918	16,930	17,736	18,606	19,503	20,451	21,446	22,505
8,131	Separate Rates	8,494	8,787	9,042	9,283	9,529	9,754	9,995	10,232	10,469	10,692
231	Southern Pest Eradication Society Rate	231	238	245	252	259	265	272	279	285	292
1,333	Levies and Contributions	4,345	4,195	1,657	898	921	943	967	990	1,013	1,035
	- Grants for capital expenditure	8,758	4,071	-	-	-	-	-	-	-	-
567	Local Contributions	589	606	624	642	660	676	693	710	727	743
946	Rental Income	1,011	1,040	1,069	1,098	1,127	1,153	1,182	1,210	1,238	1,264
5,243	External Recoveries	7,210	7,435	7,779	7,242	7,936	8,714	8,905	9,093	9,281	9,456
590	Investment Income	580	603	627	627	627	627	627	627	627	627
4,535	Dividend from South Port	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535
<b>32,264</b>	<b>Total Revenue</b>	<b>49,889</b>	<b>46,490</b>	<b>41,496</b>	<b>41,506</b>	<b>43,330</b>	<b>45,274</b>	<b>46,680</b>	<b>48,127</b>	<b>49,622</b>	<b>51,149</b>
<b>Expenditure</b>											
384	Air	331	342	352	362	371	379	388	398	407	416
3,005	Biosecurity & Biodiversity	7,899	7,762	5,345	3,221	3,305	3,383	3,466	3,548	3,630	3,707
1,602	Coast & Marine	1,202	1,237	1,274	1,313	1,343	1,374	1,408	1,441	1,474	1,505
8,883	Community Resilience	8,974	9,221	9,284	9,534	9,782	10,007	10,252	10,494	10,737	10,965
10,725	Land and Water	11,637	11,707	12,078	12,395	12,711	12,990	13,297	13,603	13,910	14,206
10,392	Regional Leadership	12,960	13,351	13,737	14,092	14,442	14,755	15,101	15,444	15,790	16,124
<b>34,993</b>	<b>Total Expenditure</b>	<b>43,003</b>	<b>43,620</b>	<b>42,070</b>	<b>40,917</b>	<b>41,955</b>	<b>42,887</b>	<b>43,912</b>	<b>44,927</b>	<b>45,948</b>	<b>46,923</b>
<b>(2,728)</b>	<b>Net Forecasted Operating Surplus / (Deficit)</b>	<b>6,886</b>	<b>2,870</b>	<b>(575)</b>	<b>589</b>	<b>1,375</b>	<b>2,387</b>	<b>2,768</b>	<b>3,200</b>	<b>3,674</b>	<b>4,226</b>
<b>Total Operating Expenditure is made up of</b>											
17,681	Employee benefits expense	17,964	18,317	18,512	18,632	19,050	19,433	19,834	20,217	20,617	21,035
808	Depreciation expense	722	813	936	936	936	936	936	936	936	936
75	Financial Costs	87	147	150	134	101	52	27	13	(0)	(0)
16,429	Other expenses	24,230	24,342	22,472	21,215	21,867	22,465	23,115	23,761	24,394	24,951
<b>34,993</b>	<b>Total Operating Expenditure</b>	<b>43,003</b>	<b>43,620</b>	<b>42,070</b>	<b>40,917</b>	<b>41,955</b>	<b>42,887</b>	<b>43,912</b>	<b>44,927</b>	<b>45,948</b>	<b>46,923</b>

## Prospective Statement of Changes in Net Assets/Equity for the 10 Years Ended 30 June 2031

70,568	Total Equity At Beginning Of Year	81,484	88,370	91,241	90,666	91,255	92,630	95,017	97,785	100,985	104,659
<b>(2,728)</b>	<b>Total Comprehensive Revenue</b>	<b>6,886</b>	<b>2,870</b>	<b>(575)</b>	<b>589</b>	<b>1,375</b>	<b>2,387</b>	<b>2,768</b>	<b>3,200</b>	<b>3,674</b>	<b>4,226</b>
<b>67,839</b>	<b>Total Equity at End of Year</b>	<b>88,370</b>	<b>91,241</b>	<b>90,666</b>	<b>91,255</b>	<b>92,630</b>	<b>95,017</b>	<b>97,785</b>	<b>100,985</b>	<b>104,659</b>	<b>108,885</b>

The opening balances of the prospective financial statements at 1 July 2021 used in the Long-term Plan differ to the 30 June 2021 Annual Plan due to the better than forecast performance of the investment portfolio and a reduction in operating expenditure compared to budget. Furthermore the Annual Plan did not contemplate the capital works undertaken as part of the central government shovel ready programme which have also been adjusted in the opening balances of the prospective financial statements.

## Prospective Statement of Changes in Net Assets/Equity for the 10 Years Ended 30 June 2031

Annual Plan Year Ended 30 June 2021	Long-term Plan									
\$000	Year Ended 30 June 2022	Year Ended 30 June 2023	Year Ended 30 June 2024	Year Ended 30 June 2025	Year Ended 30 June 2026	Year Ended 30 June 2027	Year Ended 30 June 2028	Year Ended 30 June 2029	Year Ended 30 June 2030	Year Ended 30 June 2031
70,568	81,484	88,370	91,241	90,666	91,255	92,630	95,017	97,785	100,985	104,659
(2,728)	6,886	2,870	(575)	589	1,375	2,387	2,768	3,200	3,674	4,226
(2,728)	6,886	2,870	(575)	589	1,375	2,387	2,768	3,200	3,674	4,226
<b>67,839</b>	<b>88,370</b>	<b>91,241</b>	<b>90,666</b>	<b>91,255</b>	<b>92,630</b>	<b>95,017</b>	<b>97,785</b>	<b>100,985</b>	<b>104,659</b>	<b>108,885</b>
<b>Components of Equity</b>										
44,401	58,057	69,844	75,047	74,066	73,192	72,615	72,294	72,284	72,548	73,268
-	6,886	2,870	(575)	589	1,375	2,387	2,768	3,200	3,674	4,226
(463)	4,901	2,333	(406)	(1,463)	(1,952)	(2,708)	(2,777)	(2,936)	(2,954)	(2,957)
43,938	69,844	75,047	74,066	73,192	72,615	72,294	72,284	72,548	73,268	74,538
15,825	13,154	8,188	5,788	6,129	7,526	9,409	12,046	14,751	17,613	20,491
(2,748)	(4,966)	(2,400)	341	1,396	1,883	2,637	2,705	2,862	2,878	2,879
13,077	8,188	5,788	6,129	7,526	9,409	12,046	14,751	17,613	20,491	23,370
5,228	5,949	6,097	6,249	6,404	6,564	6,727	6,895	7,067	7,243	7,424
579	148	152	155	159	164	168	172	176	181	184
5,806	6,097	6,249	6,404	6,564	6,727	6,895	7,067	7,243	7,424	7,608
5,114	4,325	4,242	4,156	4,066	3,974	3,879	3,782	3,683	3,581	3,476
(96)	(83)	(86)	(90)	(92)	(95)	(97)	(100)	(102)	(104)	(107)
5,018	4,242	4,156	4,066	3,974	3,879	3,782	3,683	3,581	3,476	3,370
<b>67,839</b>	<b>88,370</b>	<b>91,241</b>	<b>90,666</b>	<b>91,255</b>	<b>92,630</b>	<b>95,017</b>	<b>97,785</b>	<b>100,985</b>	<b>104,659</b>	<b>108,885</b>

The opening balances of the prospective financial statements at 1 July 2021 used in the Long-term Plan differ to the 30 June 2021 Annual Plan due to the better than forecast performance of the investment portfolio and a reduction in operating expenditure compared to budget. Furthermore the Annual Plan did not contemplate the capital works undertaken as part of the central government shovel ready programme which have also been adjusted in the opening balances of the prospective financial statements.

Prospective Statement of Financial Position as at 30 June 2021 to 30 June 2031

Annual Plan 2020/21 \$000	Long-term Plan									
	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000
<b>Current Assets</b>										
-	-	-	-	-	-	-	86	3,314	6,973	11,136
110	109	109	109	109	109	109	109	109	109	109
289	185	185	185	185	185	185	185	185	185	185
2,416	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589
794	416	416	416	416	416	416	416	416	416	416
24,448	29,414	29,849	30,307	30,764	31,222	31,680	32,137	32,595	33,052	33,510
<b>28,058</b>	<b>32,713</b>	<b>33,148</b>	<b>33,605</b>	<b>34,063</b>	<b>34,521</b>	<b>34,978</b>	<b>35,522</b>	<b>39,207</b>	<b>43,324</b>	<b>47,945</b>
<b>Non-Current Assets</b>										
37,829	53,238	59,191	58,705	58,262	57,869	57,458	57,047	56,561	56,118	55,724
807	807	807	807	807	807	807	807	807	807	807
27	44	44	44	44	44	44	44	44	44	44
134	142	142	142	142	142	142	142	142	142	142
8,721	8,721	8,721	8,721	8,721	8,721	8,721	8,721	8,721	8,721	8,721
<b>47,517</b>	<b>62,951</b>	<b>68,905</b>	<b>68,419</b>	<b>67,976</b>	<b>67,582</b>	<b>67,171</b>	<b>66,761</b>	<b>66,275</b>	<b>65,832</b>	<b>65,438</b>
<b>75,575</b>	<b>95,664</b>	<b>102,053</b>	<b>102,024</b>	<b>102,039</b>	<b>102,103</b>	<b>102,150</b>	<b>102,282</b>	<b>105,482</b>	<b>109,156</b>	<b>113,383</b>
<b>Current Liabilities</b>										
3,125	-	1,073	2,439	2,685	2,194	673	-	-	-	-
1,632	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461
2,945	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002
<b>7,702</b>	<b>4,463</b>	<b>5,536</b>	<b>6,903</b>	<b>7,148</b>	<b>6,657</b>	<b>5,137</b>	<b>4,463</b>	<b>4,463</b>	<b>4,463</b>	<b>4,463</b>
<b>Non-Current Liabilities</b>										
-	2,796	5,242	4,422	3,602	2,782	1,962	-	-	-	-
34	34	34	34	34	34	34	34	34	34	34
<b>34</b>	<b>2,830</b>	<b>5,276</b>	<b>4,456</b>	<b>3,636</b>	<b>2,816</b>	<b>1,996</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>
<b>7,736</b>	<b>7,294</b>	<b>10,812</b>	<b>11,359</b>	<b>10,784</b>	<b>9,473</b>	<b>7,133</b>	<b>4,497</b>	<b>4,497</b>	<b>4,497</b>	<b>4,497</b>
<b>67,839</b>	<b>88,370</b>	<b>91,241</b>	<b>90,666</b>	<b>91,255</b>	<b>92,630</b>	<b>95,017</b>	<b>97,785</b>	<b>100,985</b>	<b>104,659</b>	<b>108,885</b>
<b>Equity</b>										
43,938	69,844	75,047	74,066	73,192	72,615	72,294	72,284	72,548	73,268	74,538
13,077	8,188	5,788	6,129	7,526	9,409	12,046	14,751	17,613	20,491	23,370
5,806	6,097	6,249	6,404	6,564	6,727	6,895	7,067	7,243	7,424	7,608
5,018	4,242	4,156	4,066	3,974	3,879	3,782	3,683	3,581	3,476	3,370
<b>67,839</b>	<b>88,370</b>	<b>91,241</b>	<b>90,666</b>	<b>91,255</b>	<b>92,630</b>	<b>95,017</b>	<b>97,785</b>	<b>100,985</b>	<b>104,659</b>	<b>108,885</b>

The opening balances of the prospective financial statements at 1 July 2021 used in the Long-term Plan differ to the 30 June 2021 Annual Plan due to the better than forecast performance of the investment portfolio and a reduction in operating expenditure compared to budget. Furthermore the Annual Plan did not contemplate the capital works undertaken as part of the central government shovel ready programme which have also been adjusted in the opening balances of the prospective financial statements.



## Prospective Statement of Cash Flows for the 10 Years ended 30 June 2031

Annual Plan		Long-term Plan									
2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$000	Account	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>											
27,140	Receipts from Customers	34,516	37,281	36,333	36,344	38,168	40,112	41,518	42,965	44,460	45,987
-	- Interest Received	-	-	-	-	-	-	-	-	-	-
4,535	Dividends Received	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535
(37,110)	Payments to Suppliers and Employees	(42,194)	(42,659)	(40,984)	(39,847)	(40,917)	(41,898)	(42,948)	(43,977)	(45,011)	(45,986)
(75)	Finance Costs	(87)	(147)	(150)	(134)	(101)	(52)	(27)	(13)	0	0
-	- Income Tax Paid	-	-	-	-	-	-	-	-	-	-
<b>(5,511)</b>	<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<b>(3,230)</b>	<b>(990)</b>	<b>(265)</b>	<b>898</b>	<b>1,684</b>	<b>2,696</b>	<b>3,077</b>	<b>3,509</b>	<b>3,983</b>	<b>4,535</b>
<b>Cash flows from investing activities</b>											
-	- Proceeds from sale of other financial assets	-	-	-	-	-	-	-	-	-	-
3,142	Reduction of Term Investment	166	168	170	170	170	170	170	170	170	170
97	Proceeds from sale of property, plant and equipment	127	90	86	104	130	127	127	86	104	130
-	- Foreign Exchange gains/(losses)	-	-	-	-	-	-	-	-	-	-
-	- Acquisition of shares/investments	-	-	-	-	-	-	-	-	-	-
-	- Purchase of intangible assets	-	-	-	-	-	-	-	-	-	-
(995)	Purchase of property, plant and equipment	(12,651)	(6,857)	(537)	(598)	(673)	(653)	(653)	(537)	(598)	(673)
-	- Grants for capital expenditure	8,758	4,071	-	-	-	-	-	-	-	-
<b>2,244</b>	<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(3,600)</b>	<b>(2,528)</b>	<b>(281)</b>	<b>(324)</b>	<b>(373)</b>	<b>(356)</b>	<b>(356)</b>	<b>(281)</b>	<b>(324)</b>	<b>(373)</b>
<b>Cash flows from financing activities</b>											
-	- Term Debt	3,000	3,266	-	-	-	-	-	-	-	-
-	- Repayments	(204)	(820)	(820)	(820)	(820)	(820)	(1,962)	-	-	-
-	<b>Net Cash Inflow / (Outflow) from Financing Activities</b>	<b>2,796</b>	<b>2,446</b>	<b>(820)</b>	<b>(820)</b>	<b>(820)</b>	<b>(820)</b>	<b>(1,962)</b>	-	-	-
(3,267)	Increase / (Decrease) in cash held	(4,033)	(1,072)	(1,366)	(245)	491	1,520	759	3,228	3,660	4,163
142	Add opening cash brought forward	4,033	-	(1,072)	(2,439)	(2,684)	(2,193)	(673)	86	3,314	6,974
<b>(3,125)</b>	<b>Ending cash carried forward</b>	<b>-</b>	<b>(1,072)</b>	<b>(2,439)</b>	<b>(2,684)</b>	<b>(2,193)</b>	<b>(673)</b>	<b>86</b>	<b>3,314</b>	<b>6,974</b>	<b>11,136</b>

The opening balances of the prospective financial statements at 1 July 2021 used in the Long-term Plan differ to the 30 June 2021 Annual Plan due to the better than forecast performance of the investment portfolio and a reduction in operating expenditure compared to budget. Furthermore the Annual Plan did not contemplate the capital works undertaken as part of the central government shovel ready programme which have also been adjusted in the opening balances of the prospective financial statements.

## Disclosure of Exchange and Non-exchange transactions

In accordance with PBE IPSAS 9: Exchange transactions and PBE IPSAS 23: Non-exchange transactions, income and current assets are disclosed below according to whether they are Exchange or Non-exchange transactions.

The main difference in Income disclosure relates to rates penalties, which are budgeted at \$75,000 per annum as part of External recoveries. These penalties are now classified as Non-exchange income.

The main difference in Current Assets disclosure relates to Rates Outstanding, which are now classified as Non-exchange assets. All other Council receivables are Exchange transactions.

Annual Plan		Long-term Plan									
Year ended		Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
30 June 2021		30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue from Non-Exchange transactions</b>											
10,689	General Rates	14,137	14,979	15,918	16,930	17,736	18,606	19,503	20,451	21,446	22,505
8,131	Separate Rates	8,494	8,787	9,042	9,283	9,529	9,754	9,995	10,232	10,469	10,692
231	Southern Pest Eradication Society Rate	231	238	245	252	259	265	272	279	285	292
1,333	Levies and Contributions	13,103	8,266	1,657	898	921	943	967	990	1,013	1,035
75	Rates Penalties	75	77	79	82	84	86	88	90	93	95
<b>Revenue from Exchange transactions</b>											
567	Local Contributions	590	608	626	643	661	677	695	712	729	745
946	Rental Income	1,011	1,040	1,069	1,098	1,127	1,153	1,182	1,210	1,238	1,264
5,168	External Recoveries	7,134	7,356	7,698	7,159	7,851	8,627	8,816	9,001	9,187	9,360
590	Investment Income	580	603	627	627	627	627	627	627	627	627
4,535	Dividend from South Port	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535
-	Gain on Sale of Asset	-	-	-	-	-	-	-	-	-	-
<b>32,264</b>	<b>Total Revenue</b>	<b>49,889</b>	<b>46,490</b>	<b>41,496</b>	<b>41,506</b>	<b>43,330</b>	<b>45,274</b>	<b>46,680</b>	<b>48,127</b>	<b>49,622</b>	<b>51,149</b>
<b>Current Assets</b>											
794	Receivables from Non-exchange transactions (Rates)	416	416	416	416	416	416	416	416	416	416
2,416	Receivables from Exchange transactions	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589

## Disclosure Statement

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks. It enables the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its LTP in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

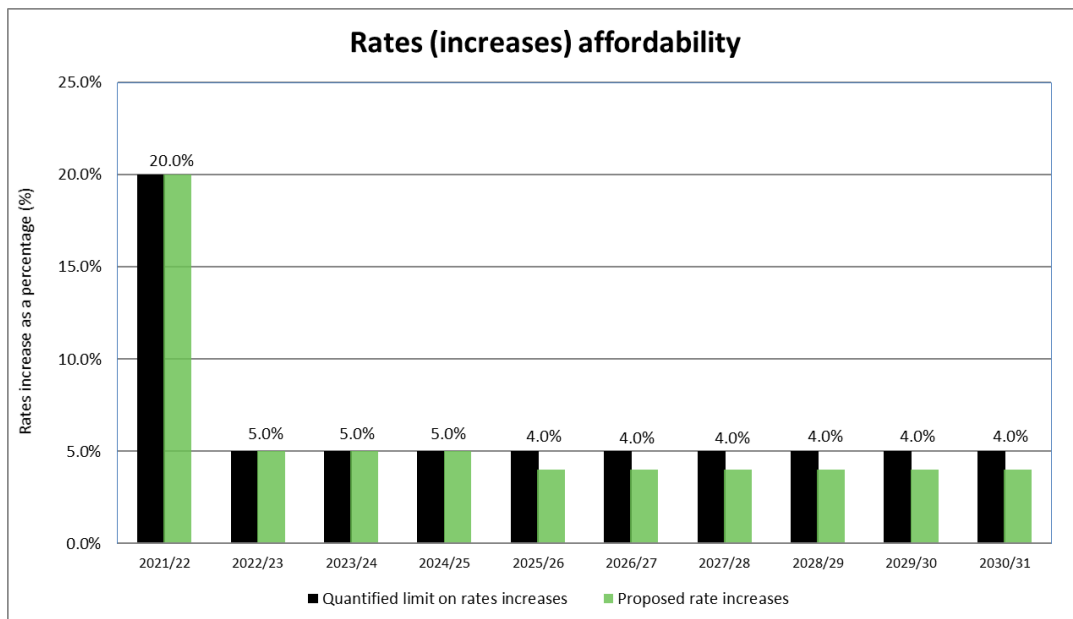
The statement includes quantified limits on rates, rates increases, or borrowing for a year as defined in the LTP.

### 1. Rates affordability benchmark

The Council meets the rates affordability benchmark if its planned rates increase for each year equal or are less than each quantified limit on rates increases.

#### Rates (increases) affordability

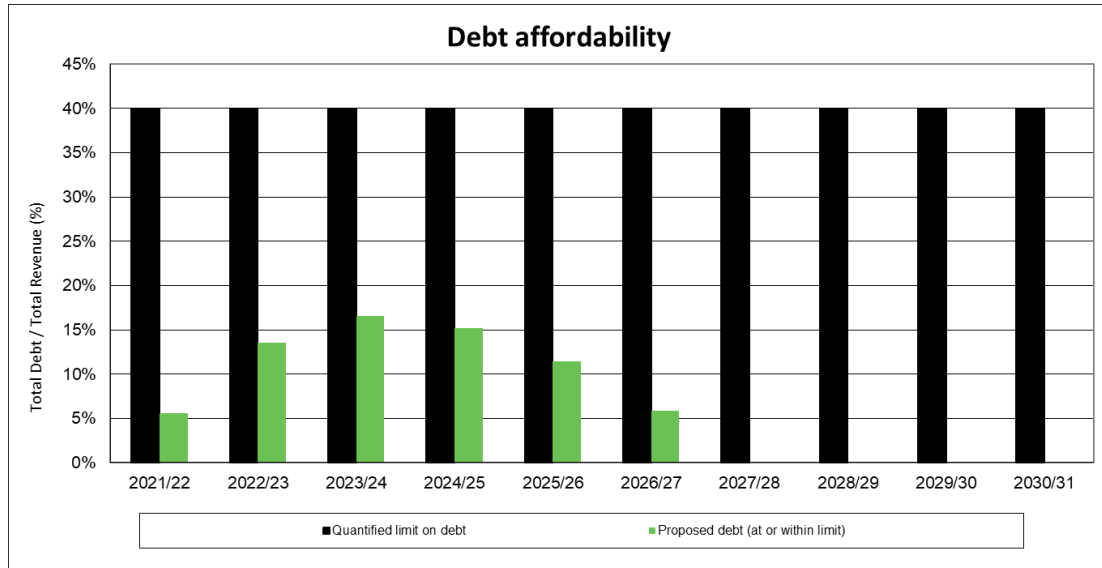
The following graph compares the Council's planned rates increases with a quantified limit on rates increases contained in the Financial Strategy included in this LTP. The quantified limit is that total rates increases will not exceed 20% in the first year of the LTP and not exceed 5% for the remaining nine years.



## 2. Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

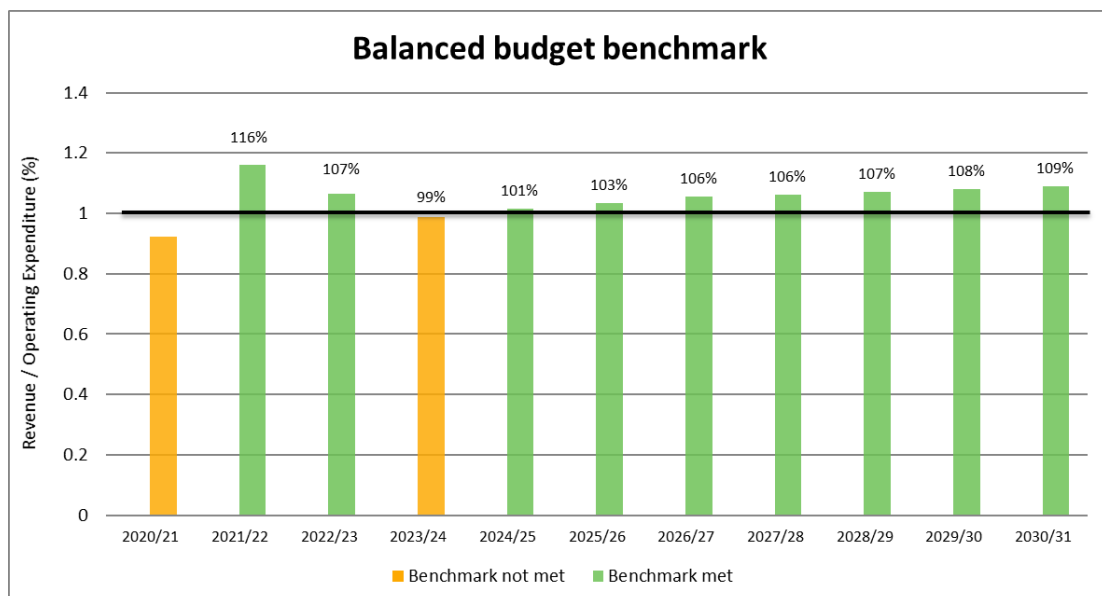
For this benchmark, the Council's planned borrowing is compared with a 40% quantified limit on borrowing as per the Financial Strategy. This means our borrowing will not exceed 40% of total revenue over the duration of the LTP.



## 3. Balanced budget benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses. The Council has resolved under section 100(2) of the Local Government Act 2002, that it is financially prudent to not balance its operating budget in year three of the LTP.



**4. Essential services benchmark**

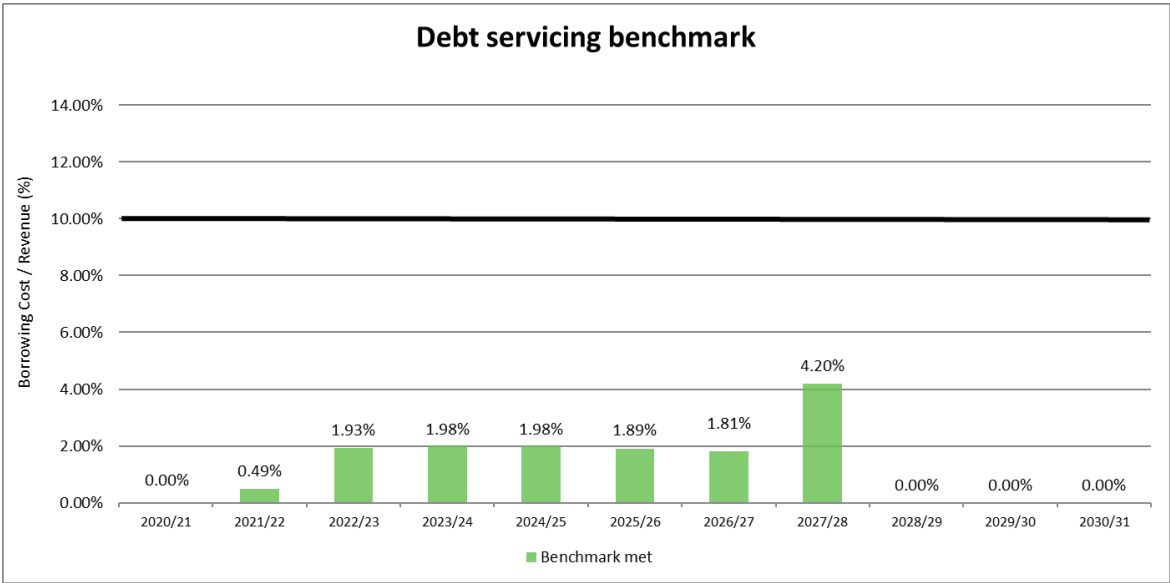
For this benchmark, the Council’s planned capital expenditure on network services is presented as a proportion of expected depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

The essential service is for flood protection and control works. The assets for flood protection and control works are land assets, and so have no depreciation. The requirement is to show the depreciation expense relative to capital expenditure. As there is no depreciation, the graph required by Schedule 6 of the Local Government (Financial Reporting and Prudence) Regulations 2014 cannot be produced.

**5. Debt servicing benchmark**

The following graph displays the Council’s planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects that the Council’s population will grow slower than the national population growth rate, it meets the debt servicing benchmark if it’s planned borrowing costs equal or are less than 10% of its planned revenue.



# Funding Impact Statement

The Funding Impact Statement is in three separate parts:

- Whole of Council funding impact statement
  - Rates funding impact statement for 2021-2031
  - Rates samples
-



Consolidated Funding Impact Statement for the 10 Years Ended 30 June 2031

Annual Plan 2020/21	LTP 21-31 2021/22	LTP 21-31 2022/23	LTP 21-31 2023/24	LTP 21-31 2024/25	LTP 21-31 2025/26	LTP 21-31 2026/27	LTP 21-31 2027/28	LTP 21-31 2028/29	LTP 21-31 2029/30	LTP 21-31 2030/31
<b>\$000 Sources of Funding</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
10,764 General rates, uniform annual charges, rates penalties	14,212	15,056	15,997	17,012	17,820	18,692	19,592	20,542	21,539	22,600
8,362 Targeted rates	8,725	9,025	9,287	9,535	9,787	10,019	10,267	10,510	10,754	10,984
7,007 Fees and charges	12,047	12,137	9,958	8,676	9,409	10,223	10,452	10,677	10,903	11,112
4,535 Interest and Dividends from investments	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535
1,007 Local authorities fuel tax, fines, infringement fees and other receipts	1,032	1,062	1,091	1,121	1,151	1,178	1,207	1,236	1,264	1,291
0 Subsidies and Grants	0	0	0	0	0	0	0	0	0	0
<b>31,674 Total Operating Funding</b>	<b>40,551</b>	<b>41,816</b>	<b>40,868</b>	<b>40,879</b>	<b>42,702</b>	<b>44,647</b>	<b>46,052</b>	<b>47,500</b>	<b>48,995</b>	<b>50,522</b>
<b>Applications of Operating Funding</b>										
26,232 Payments to staff and suppliers	32,591	32,703	30,800	29,402	30,139	30,814	31,531	32,227	32,937	33,632
75 Financing costs	87	147	150	134	101	52	27	13	(0)	(0)
7,878 Other operating funding applications	9,603	9,956	10,184	10,445	10,778	11,084	11,418	11,750	12,075	12,354
<b>34,185 Total Applications of Operating Funding</b>	<b>42,281</b>	<b>42,806</b>	<b>41,134</b>	<b>39,980</b>	<b>41,018</b>	<b>41,951</b>	<b>42,975</b>	<b>43,991</b>	<b>45,011</b>	<b>45,986</b>
<b>(2,510) Surplus/(deficit) of operating funding</b>	<b>(1,730)</b>	<b>(990)</b>	<b>(265)</b>	<b>898</b>	<b>1,684</b>	<b>2,696</b>	<b>3,077</b>	<b>3,509</b>	<b>3,983</b>	<b>4,535</b>
<b>Sources of capital funding</b>										
0 Subsidies and grants for capital expenditure	8,758	4,071	0	0	0	0	0	0	0	0
0 Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0 Increase / (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0 Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
97 Gross proceeds from the sale of assets	127	90	86	104	130	127	127	86	104	130
0 Lump sum contributions	0	0	0	0	0	0	0	0	0	0
<b>97 Total sources of capital funding</b>	<b>8,885</b>	<b>4,161</b>	<b>86</b>	<b>104</b>	<b>130</b>	<b>127</b>	<b>127</b>	<b>86</b>	<b>104</b>	<b>130</b>
<b>Applications of capital funding</b>										
Capital expenditure										
0 - to meet additional demand	0	0	0	0	0	0	0	0	0	0
500 - to improve the level of service	9,035	5,429	0	0	0	0	0	0	0	0
495 - to replace existing assets	3,616	1,428	537	598	673	653	653	537	598	673
(267) Increase/(decrease) in Reserves	(5,496)	(3,691)	(726)	390	1,121	2,146	2,521	3,023	3,450	3,948
(3,142) Increase/(decrease) in Investments	0	5	10	15	20	25	30	35	40	44
<b>(2,413) Total applications of capital funding</b>	<b>7,155</b>	<b>3,171</b>	<b>(179)</b>	<b>1,002</b>	<b>1,814</b>	<b>2,823</b>	<b>3,204</b>	<b>3,595</b>	<b>4,087</b>	<b>4,665</b>
<b>2,510 Surplus/(deficit) of capital funding</b>	<b>1,730</b>	<b>990</b>	<b>265</b>	<b>(898)</b>	<b>(1,684)</b>	<b>(2,696)</b>	<b>(3,077)</b>	<b>(3,509)</b>	<b>(3,983)</b>	<b>(4,535)</b>
<b>0 Funding Balance</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

Reconciliation of Funding Impact Statement to Statement of Comprehensive Revenue & Expense  
For the 10 years ended 30 June 2031

(2,510) Surplus / (deficit) of Operating Funding in Funding Impact Statement	(1,730)	(990)	(265)	898	1,684	2,696	3,077	3,509	3,983	4,535
<b>Add / (deduct)</b>										
590 Increase / (decrease) in fair value of investment portfolio	580	603	627	627	627	627	627	627	627	627
0 Profit / (loss) on disposal of assets	0	0	0	0	0	0	0	0	0	0
(808) Depreciation	(722)	(813)	(936)	(936)	(936)	(936)	(936)	(936)	(936)	(936)
0 (Increase) / decrease in provision for doubtful debts	0	0	0	0	0	0	0	0	0	0
Increase / (decrease) in subsidies and grants for capital expenditure	8,758	4,071	0	0	0	0	0	0	0	0
<b>(2,728) Surplus / (deficit) in Statement of Comprehensive Revenue &amp; Expense</b>	<b>6,886</b>	<b>2,870</b>	<b>(575)</b>	<b>589</b>	<b>1,375</b>	<b>2,387</b>	<b>2,768</b>	<b>3,200</b>	<b>3,674</b>	<b>4,226</b>

## Rates funding impact statement for 2021/22

This statement provides details of the types of rates Council intends to set including the categories of land that will be rated and the revenue collected for the rate.

This statement is based on the Revenue and Financing Policy and the budgets determined in this LTP. Rates will be set by separate resolution of Council.

### Rates equalisation

Land and capital value rates are calculated on equalised values. The three councils within Southland revalue their properties at different times, one per year on a rotating basis. Each year QV provides information to allow Council to determine what the values would be if there were a common valuation date across all the Councils. Council uses this information to adjust the rate so that each rating unit would be paying a similar amount of rates, as if all properties were valued on the same date.

### General rates

Type of Rate Categories of Rateable Land	Rates \$ GST Incl	Calculation Basis	2021/22 Revenue \$ GST incl
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#### General Rates

The General Rate is set differentially on the capital value of all rateable land in the Region. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates.

Southland District	27.84	per \$100,000 capital value	\$ 5,908,164
Gore District	30.40	per \$100,000 capital value	\$ 1,177,492
Invercargill City	28.38	per \$100,000 capital value	\$ 3,305,635
			<b>\$ 10,391,291</b>

#### Uniform Annual General Charge

The Uniform Annual General Charge is a fixed charge per rating unit. It is part of the total general rate and set at a level that Council considers appropriate. For the 2021/22 year the rate is calculated at an average rate increase of 20% to the 2020/21 UAGC. This maintains its percentage of total rate contribution of 22%, under the 30% threshold.

127.80 Fixed amount per rating unit	<b>\$ 5,866,020</b>
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## Targeted rates

Categories of rateable land	Matters to define Categories	Rates \$ GST Incl	Calculation Basis	2021/22 Revenue \$ GST incl
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### Biosecurity rate

The Biosecurity targeted rate is set differentially on the land value of all rateable land in the Region. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates. The rate contributes funding to the Biosecurity activity.

Southland District	12.31	per \$100,000 land value	\$	1,797,254
Gore District	13.49	per \$100,000 land value	\$	299,512
Invercargill City	13.12	per \$100,000 land value	\$	549,106
			\$	<b>2,645,872</b>

### Land Sustainability rate

The Land Sustainability targeted rate is set differentially on the land value of all rateable land in the Region. The differential categories are defined by the boundaries of each Territorial Authority and are set differentially for the purpose of equalising the rates. The rate contributes funding to the Land Sustainability activity.

Southland District	12.39	per \$100,000 land value	\$	1,807,764
Gore District	13.57	per \$100,000 land value	\$	301,266
Invercargill City	13.20	per \$100,000 land value	\$	552,329
			\$	<b>2,661,359</b>

### Southern Pest Eradication Society (SPES) Rate

The SPES targeted rate is set differentially on the land value of all rateable land in the Region. The Rate is set and assessed on all rating units greater than or equal to 4 hectares contained in the Southland region, south of the Mimihau Stream and east of the Mataura River. The rate contributes funding to the Biosecurity activity.

Southland District	2.70		\$	264,912
Gore District	2.70		\$	904
			\$	<b>265,816</b>

## Catchment rates

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates \$ GST Incl	Calculation Basis	2021/22 Revenue \$ GST incl
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### Catchment Rates

There are 17 catchment targeted rates. Each rate has its own differential categories and calculation basis. The differential categories are determined according to agreed benefit having considered soil type, land contour, location, type of work undertaken and other appropriate matters. For catchments that are in more than 1 territorial authority land values are equalised. Catchment rates contributes funding to the Catchment Planning, River Works and Land Drainage activities.

#### Scheme 424 - Duck Creek

A	where the land is situated	24	41.47	per hectare	\$ 21,262
B	where the land is situated	20	34.56	per hectare	\$ 27,920
C	where the land is situated	8	13.82	per hectare	\$ 9,926
D	where the land is situated	4	6.91	per hectare	\$ 4,001
E	where the land is situated	2	3.46	per hectare	\$ 5,725
F	where the land is situated	1	1.73	per hectare	\$ 4,342
					\$ 73,177

#### Scheme 436 - Otepunui Creek

A	where the land is situated	6	12.48	per hectare	\$ 4,707
B	where the land is situated	5	10.40	per hectare	\$ 5,768
C	where the land is situated	4	8.32	per hectare	\$ 4,006
D	where the land is situated	3	6.24	per hectare	\$ 2,778
E	where the land is situated	2	4.16	per hectare	\$ 2,372
F	where the land is situated	1	2.08	per hectare	\$ 857
					\$ 20,488

#### Scheme 441 - Upper Waihopai River

A	where the land is situated	6	14.10	per hectare	\$ 1,245
B	where the land is situated	5	11.75	per hectare	\$ 1,645
C	where the land is situated	4	9.40	per hectare	\$ 7,199
D	where the land is situated	3	7.05	per hectare	\$ 13,415
E	where the land is situated	2	4.70	per hectare	\$ 2,255
F	where the land is situated	1	2.35	per hectare	\$ 585
					\$ 26,343

#### Scheme 422 - Upper Waikawa River

A	where the land is situated	15	10.71	per hectare	\$ 3,191
B	where the land is situated	10	7.14	per hectare	\$ 357
C	where the land is situated	9	6.43	per hectare	\$ 2,645
D	where the land is situated	6	4.28	per hectare	\$ 1,508
F	where the land is situated	3	2.14	per hectare	\$ 1,620
					\$ 9,321

#### Scheme 443 - Upper Waikiwi River

A	where the land is situated	22	25.89	per hectare	\$ 2,096
B	where the land is situated	12	14.12	per hectare	\$ 7,179
C	where the land is situated	8	9.42	per hectare	\$ 4,370
D	where the land is situated	6	7.06	per hectare	\$ 3,028
E	where the land is situated	2	2.35	per hectare	\$ 602
F	where the land is situated	1	1.18	per hectare	\$ 151
U1	where the land is situated	20	23.54	per hectare	\$ 3,504
U2	where the land is situated	10	11.77	per hectare	\$ 610
					\$ 21,540

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates \$ GST Incl	Calculation Basis	2021/22 Revenue \$ GST incl
<b>Scheme 448 - Waituna Creek</b>					
A	where the land is situated	8	9.01	per hectare	\$ 4,348
B	where the land is situated	7	7.89	per hectare	\$ 4,238
C	where the land is situated	6	6.76	per hectare	\$ 24,166
D	where the land is situated	5	5.63	per hectare	\$ 12,189
E	where the land is situated	3	3.38	per hectare	\$ 3,041
F	where the land is situated	1	1.13	per hectare	\$ 2,317
BCL	where the land is situated	1	0.00	per hectare	\$ -
BCM	where the land is situated	1	4.63	per hectare	\$ 45,025
					<b>\$ 95,325</b>
<b>Scheme 978 - Clifton Drainage</b>					
A	where the land is situated	20	23.27	per hectare	\$ 4,806
B	where the land is situated	15	17.45	per hectare	\$ 1,055
					<b>\$ 5,861</b>
<b>Scheme 428 - Invercargill Flood Control</b>					
M1	where the land is situated	16%	35.95	per \$100,000 land value	\$ 92,637
M2	where the land is situated	8%	58.95	per \$100,000 land value	\$ 46,318
M3	where the land is situated	1%	74.60	per \$100,000 land value	\$ 5,790
M4	where the land is situated	75%	15.49	per \$100,000 land value	\$ 434,236
					<b>\$ 578,981</b>
<b>Scheme 434 – Waiau Rating District</b>					
C4	where the land is situated	1	171.60	per \$100,000 land value	\$ 4,513
D1	where the land is situated	600	778.82	per \$100,000 land value	\$ 24,805
D2	where the land is situated	125	162.25	per \$100,000 land value	\$ 18,937
E1	where the land is situated	10	4.14	per \$100,000 land value	\$ 716
E2	where the land is situated	60	24.84	per \$100,000 land value	\$ 2,765
E3	where the land is situated	700	289.80	per \$100,000 land value	\$ 12,438
F1	where the land is situated	1	0.08	per \$100,000 land value	\$ 505
F2	where the land is situated	4	0.33	per \$100,000 land value	\$ 105
F3	where the land is situated	35	2.92	per \$100,000 land value	\$ 10,714
					<b>\$ 75,499</b>
<b>Scheme 435 - Lake Hawkins</b>					
A	where the land is situated	5	397.43	per \$100,000 land value	\$ 112,695
B	where the land is situated	4	317.94	per \$100,000 land value	\$ 7,586
C	where the land is situated	1	79.49	per \$100,000 land value	\$ 10,755
					<b>\$ 131,036</b>
<b>Scheme 440 - Oreti Rating District</b>					
Land within Southland District Council					
A1	where the land is situated	3	118.06	per \$100,000 land value	\$ 45,522
A2	where the land is situated	2	78.71	per \$100,000 land value	\$ 53,250
A3	where the land is situated	2	78.71	per \$100,000 land value	\$ 5,168
A4	where the land is situated	1.50	59.03	per \$100,000 land value	\$ 75,002
A6	where the land is situated	1	39.35	per \$100,000 land value	\$ 3,489
B1	where the land is situated	7	87.48	per \$100,000 land value	\$ 4,447
B2	where the land is situated	7	87.48	per \$100,000 land value	\$ 288,916
B3	where the land is situated	7	87.48	per \$100,000 land value	\$ 58,584
B4	where the land is situated	3	37.49	per \$100,000 land value	\$ 1,991
B6	where the land is situated	1	12.50	per \$100,000 land value	\$ 61
C1	where the land is situated	3	94.51	per \$100,000 land value	\$ 24,018
C2	where the land is situated	2	63.01	per \$100,000 land value	\$ 6,803
C3	where the land is situated	1	31.50	per \$100,000 land value	\$ 8,857
C4	where the land is situated	0.80	25.20	per \$100,000 land value	\$ 15,985
C5	where the land is situated	0.75	23.63	per \$100,000 land value	\$ 1,746
E2	where the land is situated	1	57.13	per \$100,000 land value	\$ 23,003
F1	where the land is situated	8	59.40	per \$100,000 land value	\$ 4,119
F2	where the land is situated	2	14.85	per \$100,000 land value	\$ 279,001
F3	where the land is situated	2	15.59	per \$100,000 land value	\$ 19,139

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates \$ GST Incl	Calculation Basis	2021/22 Revenue \$ GST incl
Land within Invercargill City Council					
A2	where the land is situated	2	83.86	per \$100,000 land value	\$ 2,013
A7	where the land is situated	2	83.86	per \$100,000 land value	\$ 1,929
B2	where the land is situated	7	93.20	per \$100,000 land value	\$ 1,841
B5	where the land is situated	3	39.94	per \$100,000 land value	\$ 717
B7	where the land is situated	0.75	9.99	per \$100,000 land value	\$ 4,188
C1	where the land is situated	3	100.69	per \$100,000 land value	\$ 2,155
C2	where the land is situated	2	67.13	per \$100,000 land value	\$ 6,670
E2	where the land is situated	1	60.87	per \$100,000 land value	\$ 1,160
F2	where the land is situated	2	15.82	per \$100,000 land value	\$ 54,142
F4	where the land is situated	0.28	2.21	per \$100,000 land value	\$ 68,607
					<b>\$ 1,062,520</b>
<b>Scheme 445 - Waihopai River</b>					
Land within Southland District Council					
A	where the land is situated	9	97.60	per \$100,000 land value	\$ 3,937
B	where the land is situated	6	65.07	per \$100,000 land value	\$ 1,714
C	where the land is situated	4	43.38	per \$100,000 land value	\$ 6,167
D	where the land is situated	3	32.53	per \$100,000 land value	\$ 5,643
E	where the land is situated	2	21.69	per \$100,000 land value	\$ 5,763
F	where the land is situated	1	10.84	per \$100,000 land value	\$ 1,475
Land within Invercargill City Council					
A	where the land is situated	9	103.98	per \$100,000 land value	\$ 2,605
B	where the land is situated	6	69.32	per \$100,000 land value	\$ 5,865
C	where the land is situated	4	46.21	per \$100,000 land value	\$ 3,832
D	where the land is situated	3	34.66	per \$100,000 land value	\$ 1,627
E	where the land is situated	2	23.11	per \$100,000 land value	\$ 1,155
F	where the land is situated	1	11.55	per \$100,000 land value	\$ 157
					<b>\$ 39,941</b>
<b>Scheme 1080 - Makarewa Rating District</b>					
Land within Southland District Council					
A2	where the land is situated	3	92.38	per \$100,000 land value	\$ 54,038
A3	where the land is situated	2	61.58	per \$100,000 land value	\$ 6,694
A4	where the land is situated	1	30.79	per \$100,000 land value	\$ 1,963
B1	where the land is situated	6	53.20	per \$100,000 land value	\$ 41,874
B2	where the land is situated	5	44.34	per \$100,000 land value	\$ 4,811
B3	where the land is situated	5	44.34	per \$100,000 land value	\$ 13,634
B4	where the land is situated	6	53.20	per \$100,000 land value	\$ 607
B5	where the land is situated	5	44.34	per \$100,000 land value	\$ 12,239
B6	where the land is situated	5	44.34	per \$100,000 land value	\$ 12,725
B7	where the land is situated	6	53.20	per \$100,000 land value	\$ 1,202
B8	where the land is situated	35	310.36	per \$100,000 land value	\$ 2,079
C2	where the land is situated	3	101.53	per \$100,000 land value	\$ 244
C3	where the land is situated	2	67.68	per \$100,000 land value	\$ 426
C4	where the land is situated	1	33.84	per \$100,000 land value	\$ 1,037
F1	where the land is situated	1	7.37	per \$100,000 land value	\$ 97,187
Land within Gore District Council					
A4	where the land is situated	1	33.73	per \$100,000 land value	\$ 174
B3	where the land is situated	5	48.57	per \$100,000 land value	\$ 2,873
F1	where the land is situated	1	8.07	per \$100,000 land value	\$ 7,151
Land within Invercargill City Council					
F1	where the land is situated	1	7.85	per \$100,000 land value	\$ 76
					<b>\$ 261,034</b>



Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates \$ GST Incl	Calculation Basis	2021/22 Revenue \$ GST incl
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#### Scheme 1101 - Mataura Rating District

##### Land within Southland District Council

A1	where the land is situated	1	110.55	per \$100,000 land value	\$ 4,731
A2	where the land is situated	1	110.55	per \$100,000 land value	\$ 7,351
B1	where the land is situated	25	135.32	per \$100,000 land value	\$ 17,129
B5	where the land is situated	15	81.19	per \$100,000 land value	\$ 12,282
B6	where the land is situated	5	27.06	per \$100,000 land value	\$ 5,505
B7	where the land is situated	5	27.06	per \$100,000 land value	\$ 6,272
B8	where the land is situated	5	27.06	per \$100,000 land value	\$ 2,656
C1	where the land is situated	5	111.07	per \$100,000 land value	\$ 39,598
C2	where the land is situated	3	66.64	per \$100,000 land value	\$ 30,632
C3	where the land is situated	2	44.43	per \$100,000 land value	\$ 50,045
C4	where the land is situated	1	22.21	per \$100,000 land value	\$ 17,054
C5	where the land is situated	5	111.07	per \$100,000 land value	\$ 20,974
D1	where the land is situated	1	114.70	per \$100,000 land value	\$ 4,715
D2	where the land is situated	1	114.70	per \$100,000 land value	\$ 7,444
E1	where the land is situated	3	70.38	per \$100,000 land value	\$ 241,611
E2	where the land is situated	2	46.92	per \$100,000 land value	\$ 54,936
E5	where the land is situated	1	23.46	per \$100,000 land value	\$ 807
E6	where the land is situated	1	23.46	per \$100,000 land value	\$ 183
E7	where the land is situated	1	23.46	per \$100,000 land value	\$ 209
F1	where the land is situated	1	10.22	per \$100,000 land value	\$ 239,102
F5	where the land is situated	0.25	2.56	per \$100,000 land value	\$ 5,921

##### Land within Gore District Council

A3	where the land is situated	2	242.22	per \$100,000 land value	\$ 29,740
B2	where the land is situated	25	148.25	per \$100,000 land value	\$ 25,778
B3	where the land is situated	10	59.30	per \$100,000 land value	\$ 88,261
C1	where the land is situated	5	121.69	per \$100,000 land value	\$ 12,866
C2	where the land is situated	3	73.01	per \$100,000 land value	\$ 8,220
C3	where the land is situated	2	48.67	per \$100,000 land value	\$ 2,818
C4	where the land is situated	1	24.34	per \$100,000 land value	\$ 1,010
E1	where the land is situated	3	77.11	per \$100,000 land value	\$ 97,303
E2	where the land is situated	2	51.40	per \$100,000 land value	\$ 52,235
E4	where the land is situated	3	77.11	per \$100,000 land value	\$ 29,188
F1	where the land is situated	1	11.20	per \$100,000 land value	\$ 144,550
F2	where the land is situated	3	33.60	per \$100,000 land value	\$ 1,902
F3	where the land is situated	3	33.60	per \$100,000 land value	\$ 46,014
F4	where the land is situated	3	33.60	per \$100,000 land value	\$ 31,808
					<b>\$ 1,340,850</b>

#### Scheme 1140 - Aparima Rating District

A1	where the land is situated	4	52.67	per \$100,000 land value	\$ 4,138
A2	where the land is situated	3	39.50	per \$100,000 land value	\$ 14,748
A3	where the land is situated	20	263.36	per \$100,000 land value	\$ 27,235
B2	where the land is situated	5	121.79	per \$100,000 land value	\$ 39,623
B3	where the land is situated	4	97.43	per \$100,000 land value	\$ 111,934
B4	where the land is situated	2	48.72	per \$100,000 land value	\$ 507
C2	where the land is situated	2	58.50	per \$100,000 land value	\$ 18,999
C3	where the land is situated	1	29.25	per \$100,000 land value	\$ 9,658
E2	where the land is situated	1	39.96	per \$100,000 land value	\$ 37,471
F1	where the land is situated	5	35.89	per \$100,000 land value	\$ 1,286
F2	where the land is situated	1	7.18	per \$100,000 land value	\$ 92,419
F3	where the land is situated	0.75	5.38	per \$100,000 land value	\$ 10,880
F4	where the land is situated	2	14.36	per \$100,000 land value	\$ 27,551
					<b>\$ 396,450</b>

Categories of rateable land (Class)	Matters to define Categories	Ratio	Rates \$ GST Incl	Calculation Basis	2021/22 Revenue \$ GST incl
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**Scheme 584 - Waimatuku Rating District**

C1	where the land is situated	3	42.59	per \$100,000 land value	\$ 6,794
C2	where the land is situated	2	28.39	per \$100,000 land value	\$ 2,237
C4	where the land is situated	1	17.75	per \$100,000 land value	\$ 33,687
F1	where the land is situated	1	4.63	per \$100,000 land value	\$ 6,782
F2	where the land is situated	1	5.55	per \$100,000 land value	\$ 4,883
F3	where the land is situated	1	5.09	per \$100,000 land value	\$ 9,692
					<b>\$ 64,074</b>

**Scheme 450 – Te Anau Basin Rating District**

B1	where the land is situated	200	48.39	per \$100,000 land value	\$ 12,248
C4	where the land is situated	10	1.67	per hectare	\$ 12,248
D1	where the land is situated	15	24.99	per \$100,000 land value	\$ 54,623
D3	where the land is situated	16	26.66	per \$100,000 land value	\$ 18,866
E1	where the land is situated	150	218.50	per \$100,000 land value	\$ 12,765
E3	where the land is situated	750	1,092.52	per \$100,000 land value	\$ 22,615
E4	where the land is situated	300	437.01	per \$100,000 land value	\$ 11,756
E5	where the land is situated	750	1,092.52	per \$100,000 land value	\$ 1,857
F1	where the land is situated	5	6.27	per \$100,000 land value	\$ 46,101
F2	where the land is situated	10	12.54	per \$100,000 land value	\$ 45,061
F3	where the land is situated	10	12.54	per \$100,000 land value	\$ 6,824
					<b>\$ 244,965</b>

Categories of rateable land (Class)	Matters to define Categories	Rates \$ GST Incl	Calculation Basis	2021/22 Revenue \$ GST incl
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**Scheme 653 - Lower Waikawa River**

**District Rated by Annual Maintenance Charge** - As authorised by Section 11 Soil Conservation and Rivers Control Amendment Act 1948

All Serviced land	where the land is situated and the provision of a service to the land	2.60	Per hectare	\$ 2,648
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**Scheme 435 - Lake Hawkins**

Invercargill Airport Contribution				\$ 10,625
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26,291,034

## Rates samples

Location and Details	Rate	2020/21	2021/22	Change \$
Invercargill Commercial 1011 m2	<b>Capital Value</b>	<b>\$2,580,000</b>	<b>\$2,910,000</b>	<b>330,000</b>
	General rate	\$663	\$826	163
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$395,000</b>	<b>\$550,000</b>	<b>155,000</b>
	Biosecurity	\$65	\$72	7
	Land Sustainability	\$58	\$73	15
	Catchment	\$105	\$97	(8)
	Total rates	<b>\$997</b>	<b>\$1,196</b>	<b>199</b>
Gore Commercial 939 m2	<b>Capital Value</b>	<b>\$1,030,000</b>	<b>\$1,030,000</b>	<b>0</b>
	General rate	\$217	\$313	96
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$610,000</b>	<b>\$610,000</b>	<b>0</b>
	Biosecurity	\$81	\$82	1
	Land Sustainability	\$73	\$83	10
	Catchment	\$350	\$362	12
	Total rates	<b>\$828</b>	<b>\$968</b>	<b>140</b>
Winton Housing 508 m2	<b>Capital Value</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>0</b>
	General rate	\$62	\$84	21
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$85,000</b>	<b>\$85,000</b>	<b>0</b>
	Biosecurity	\$11	\$10	(0)
	Land Sustainability	\$10	\$11	1
	Catchment	\$13	\$13	(0)
	Total rates	<b>\$203</b>	<b>\$246</b>	<b>43</b>
Gore Housing 852 m2	<b>Capital Value</b>	<b>\$380,000</b>	<b>\$380,000</b>	<b>0</b>
	General rate	\$80	\$116	35
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$81,000</b>	<b>\$81,000</b>	<b>0</b>
	Biosecurity	\$11	\$11	0
	Land Sustainability	\$10	\$11	1
	Catchment	\$26	\$27	1
	Total rates	<b>\$233</b>	<b>\$292</b>	<b>59</b>
Te Anau Housing 830 m2	<b>Capital Value</b>	<b>\$380,000</b>	<b>\$380,000</b>	<b>0</b>
	General rate	\$79	\$106	27
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$165,000</b>	<b>\$165,000</b>	<b>0</b>
	Biosecurity	\$21	\$20	(1)
	Land Sustainability	\$19	\$20	1
	Catchment	\$21	\$21	0
	Total rates	<b>\$246</b>	<b>\$295</b>	<b>49</b>

Otaitai Bush Dairy 262 ha	<b>Capital Value</b>	<b>\$7,210,000</b>	<b>\$7,210,000</b>	<b>0</b>
	General rate	\$1,498	\$2,007	509
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$5,850,000</b>	<b>\$5,850,000</b>	<b>0</b>
	Biosecurity	\$754	\$720	(34)
	Land Sustainability	\$674	\$725	51
	Catchment	\$2,350	\$2,340	(10)
	<b>Total rates</b>	<b>\$5,382</b>	<b>\$5,919</b>	<b>537</b>
Tussock Creek Dairy 283 ha	<b>Capital Value</b>	<b>\$9,050,000</b>	<b>\$9,050,000</b>	<b>0</b>
	General rate	\$1,886	\$2,519	634
	General rate Dairy	\$0	\$0	0
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$7,200,000</b>	<b>\$7,200,000</b>	<b>0</b>
	Biosecurity	\$928	\$887	(42)
	Land Sustainability	\$830	\$892	62
	Catchment	\$2,023	\$2,126	103
	<b>Total rates</b>	<b>\$5,773</b>	<b>\$6,551</b>	<b>778</b>
Edendale Dairy 117 ha	<b>Capital Value</b>	<b>\$5,350,000</b>	<b>\$5,350,000</b>	<b>0</b>
	General rate	\$1,112	\$1,489	377
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$3,620,000</b>	<b>\$3,620,000</b>	<b>0</b>
	Biosecurity	\$467	\$446	(21)
	Land Sustainability	\$417	\$448	31
	Catchment	\$753	\$745	(7)
	<b>Total rates</b>	<b>\$2,855</b>	<b>\$3,257</b>	<b>402</b>
Gore Dairy 178 ha	<b>Capital Value</b>	<b>\$4,400,000</b>	<b>\$4,400,000</b>	<b>0</b>
	General rate	\$928	\$1,338	409
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$3,290,000</b>	<b>\$3,290,000</b>	<b>0</b>
	Biosecurity	\$439	\$444	5
	Land Sustainability	\$392	\$446	54
	Catchment	\$350	\$368	19
	<b>Total rates</b>	<b>\$2,216</b>	<b>\$2,724</b>	<b>508</b>
Gore Rural 180 ha	<b>Capital Value</b>	<b>\$3,320,000</b>	<b>\$3,320,000</b>	<b>0</b>
	General rate	\$700	\$1,009	309
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$2,760,000</b>	<b>\$2,760,000</b>	<b>0</b>
	Biosecurity	\$368	\$372	4
	Land Sustainability	\$329	\$374	45
	Catchment	\$202	\$223	20
	<b>Total rates</b>	<b>\$1,707</b>	<b>\$2,107</b>	<b>400</b>
Lumsden sheep farm 142 ha	<b>Capital Value</b>	<b>\$2,955,000</b>	<b>\$2,955,000</b>	<b>0</b>
	General rate	\$614	\$823	209
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$2,700,000</b>	<b>\$2,700,000</b>	<b>0</b>
	Biosecurity	\$348	\$332	(16)
	Land Sustainability	\$311	\$334	23
	Catchment	\$517	\$511	(6)
	<b>Total rates</b>	<b>\$1,897</b>	<b>\$2,128</b>	<b>232</b>

Invercargill Lifestyle 4 ha	<b>Capital Value</b>	<b>\$585,000</b>	<b>\$720,000</b>	<b>135,000</b>
	General rate	\$150	\$204	54
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$305,000</b>	<b>\$380,000</b>	<b>75,000</b>
	Biosecurity	\$50	\$50	(0)
	Land Sustainability	\$45	\$50	5
	Catchment	\$14	\$14	(0)
	<b>Total rates</b>	<b>\$366</b>	<b>\$446</b>	<b>80</b>

Nightcaps Housing 1012 m2	<b>Capital Value</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>0</b>
	General rate	\$10	\$14	4
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$22,000</b>	<b>\$22,000</b>	<b>0</b>
	Biosecurity	\$3	\$3	(0)
	Land Sustainability	\$3	\$3	0
	Catchment	\$3	\$3	0
	<b>Total rates</b>	<b>\$125</b>	<b>\$150</b>	<b>25</b>

Invercargill Housing 520m2	<b>Capital Value</b>	<b>\$255,000</b>	<b>\$320,000</b>	<b>65,000</b>
	General rate	\$66	\$91	25
	Uniform Charge	\$107	\$128	21
	<b>Land Value</b>	<b>\$60,000</b>	<b>\$114,000</b>	<b>54,000</b>
	Biosecurity	\$10	\$15	5
	Land Sustainability	\$9	\$15	6
	Catchment	\$16	\$20	4
	<b>Total rates</b>	<b>\$207</b>	<b>\$269</b>	<b>62</b>

## Additional Disclosure Information

### Rating base information as at 30 June 2021

The following table shows the anticipated number of rating units within the Southland region, as broken down by territorial authority area for each year of this Long-term Plan:

Year	Gore District	Southland District	Invercargill City	Environment Southland
30/06/2022	6,644	18,449	25,286	50,379
30/06/2023	6,649	18,462	25,304	50,414
30/06/2024	6,653	18,475	25,321	50,450
30/06/2025	6,658	18,488	25,339	50,485
30/06/2026	6,663	18,501	25,357	50,520
30/06/2027	6,667	18,514	25,375	50,555
30/06/2028	6,672	18,527	25,392	50,591
30/06/2029	6,677	18,540	25,410	50,626
30/06/2030	6,681	18,553	25,428	50,662
30/06/2031	6,686	18,565	25,446	50,697

## What are my rates likely to be?

The following table sets out the indicative rates levy amounts for the general rate on Capital Value, including the dairy differential, if applicable, the UAGC, the Biosecurity and Land Sustainability rates. From that, you may wish to calculate an indication of these rates for your property for the coming year. Here is the method. You need to know your latest rating valuation and to select the levy for the territorial authority area containing your property. This will give a GST inclusive amount.

For General Rate					
Select your Council	Rates levy estimate	multiplied by	The capital value of your property	equals	Indicative 2020/21 General rate
Southland District	0.00027838	X		=	
Gore District	0.00030401	X		=	
Invercargill City	0.00028383	X		=	
Add UAGC					\$127.80
<b>Total General Rate</b>					
For Biosecurity Rate					
Select your Council	Rates levy estimate	multiplied by	The land value of your property	equals	Indicative 2020/21 Biosecurity rate
Southland District	0.00012313	X		=	
Gore District	0.00013489	X		=	
Invercargill City	0.00013118	X		=	
For Land Sustainability Rate					
Select your Council	Rates levy estimate	multiplied by	The land value of your property	equals	Indicative 2020/21 Land Sustainability rate
Southland District	0.00012385	X		=	
Gore District	0.00013568	X		=	
Invercargill City	0.00013195	X		=	

To calculate an indication of the 2021/22 catchment rates you can apply the catchment rate details (class) of your property and determine the calculation basis (e.g. land value or land area) and levy amounts applicable from the catchment rating tables provided.

### Why isn't my rates increase in line with the overall increase in rates of 20%?

The individual rate amounts will vary as the overall rate is made up of a mix of land and capital value rates. The impact of these changes is lessened to a degree by the UAGC but changes in valuation relativities are likely to affect many properties.

### ***Rating dates***

It is proposed that all rates be payable in one instalment by Friday, 26 November 2021 and that no discount be provided for early payment. It is further proposed that a 10% penalty will be imposed:

- (i) on any current rates due but not paid by 5.00 pm on the due date;
- (ii) on all rates in arrears unpaid at 1 January the following year (this penalty excludes current rates);  
and
- (iii) on all rates in arrears as at 1 July each year.

For the 2021/22 rates, the following dates will apply:

- rates due 26 November 2021;
- penalties to be applied:
  - 10% on any current rates unpaid at 5.00 pm, 26 November 2021;
  - 10% on all rates in arrears unpaid at 1 January 2022 (this penalty excludes current 2020/21 rates);
  - 10% on all rates in arrears as at 1 July 2022.

We recognise that the ratepayers of Gore District Council, Southland District Council and Invercargill City Council are also ratepayers of Environment Southland. We are careful to avoid duplication of effort or funding and to work together with those councils where efficiencies are possible. The aim is that ratepayers are not asked to pay for the same thing twice. We are aware that this practice is not well understood in the community and as a result there is some frustration of community initiatives because the proponents of these initiatives, other funders and councils perceive that Environment Southland somehow accesses ratepayers different from their own.



# Schedule of Reserve Fund Movement

Name of Reserve	Purpose	Opening Balance			Closing Balance
		2021/22 \$000	Additions \$000	Withdrawals \$000	2030/31 \$000
<b>Lease Area Balances</b>	Retained earnings for further development in infrastructure	<b>5,949</b>	<b>360</b>	<b>1,299</b>	<b>7,608</b>
<b>Special Reserves</b>					
SPNZ Buy Back Reserve	Not yet determined	412	232	(417)	227
SPNZ Special Dividend Reserve	Not yet determined	669	334	(669)	334
Vehicle Renewal Reserve	To fund asset replacement	1,277	2,731	(2,808)	1,201
Aerial Photography Reserve	To fund aerial photography costs	49	0	(49)	0
Furniture Reserve	To fund asset replacement	139	1	(50)	89
Disaster Damage Reserve	To fund disaster damage	2,000	0	(80)	1,920
Building Reserve	To fund asset replacement	459	1,402	(1,327)	534
Lease Building Reserve	To fund asset replacement	553	277	(220)	610
Regional Assistance to Projects Res	To assist community projects	6	0	(6)	0
Election Funding Reserve	Used to hold funding for events over time eg election costs	30	0	0	30
Plant Replacement Reserve	To fund asset replacement	235	4,090	(3,372)	954
Coastal Rentals Reserve	To fund one off projects and capital	231	935	0	1,166
Infrastructural Assets Reserve	To fund asset replacement	556	18,031	(16,686)	1,901
Emergency Mgmt Southland Reserve	ES' share of EMS Joint Venture past surpluses	110	23	0	133
Orauea Disaster Damage Res	To fund disaster damage in this catchment	9	1	0	10
Waiau Disaster Damage Reserve	To fund disaster damage in this catchment	1,495	380	(756)	1,119
Makarewa Disaster Reserve	To fund disaster damage in this catchment	178	20	0	198
Oreti Disaster Reserve	To fund disaster damage in this catchment	1,558	178	0	1,736
Mataura Disaster Reserve	To fund disaster damage in this catchment	1,330	121	(300)	1,151
Aparima Disaster Reserve	To fund disaster damage in this catchment	616	70	0	687
Waimatuku Stream Disaster Res	To fund disaster damage in this catchment	59	7	0	66
Lake Hawkins Pumphouse Reserve	To fund disaster damage in this catchment	234	3	(234)	2
Invercargill Disaster Reserve	To fund disaster damage in this catchment	1,093	596	0	1,689
Pest Property Reserve	Biosecurity asset replacement	876	55	0	931
Pest Plant Reserve	Biosecurity asset replacement	75	0	0	75
Pest Disposals Reserve	Biosecurity asset replacement. Is proceeds from surplus asset	299	0	0	299
Marine Fee Reserve	To fund activities in the coastal marine area	798	11,304	(7,056)	5,047
Te Anau Basin Damage Reserve	To fund disaster damage in this catchment	364	42	0	406
Internal Loan	To fund asset replacement	(2,557)	7,545	(4,085)	903
<b>Special Reserves</b>		<b>13,154</b>	<b>48,377</b>	<b>(38,115)</b>	<b>23,416</b>
<b>Rating District Balances</b>	Operating funds for expenditure peaks eg flooding	<b>4,325</b>	<b>0</b>	<b>(955)</b>	<b>3,370</b>
<b>Accumulated Comprehensive Revenue and Expense</b>		<b>58,057</b>	<b>8,313</b>	<b>8,121</b>	<b>74,491</b>
<b>Total Reserves</b>		<b>81,484</b>	<b>57,050</b>	<b>(29,649)</b>	<b>108,885</b>

# Significant forecasting assumptions

## Ngā Whakapae Matapae Nui

### Purpose

To outline the significant forecasting assumptions that inform the draft 2021-2031 LTP Consultation Document.

### Introduction

We are required by legislation to disclose all significant forecasting assumptions that inform the LTP in both the Consultation Document and the final 10-Year Plan. These assumptions must reflect the best knowledge we have at the time these documents are prepared and will be subject to audit.

These assumptions are the initial assumptions and will continue to evolve as the Plan develops and is finalised. This evolution will include more detailed analysis of the level of uncertainty associated with each of the assumptions. It will also include the quantification of the potential effect of that uncertainty on the financial estimates.

### Assumptions

Forecasting assumption	Risk	Level of uncertainty
<p><b>Environment Southland’s strategic direction</b></p> <p>The Council has adopted a strategic direction for the organisation based on a vision of “a thriving Southland – te taurikura o Murihiku” and a mission of “working with our communities to improve Murihiku Southland’s environment”. The strategy will influence the way the Council delivers services. The 2021-2031 LTP and its refreshed levels of service will have a strategic focus on the four community outcomes:</p> <p>By 2031:</p> <ul style="list-style-type: none"> <li>• managed access to quality natural resources;</li> <li>• diverse opportunities to make a living;</li> <li>• communities empowered and resilient;</li> <li>• communities expressing their diversity.</li> </ul> <p>These outcomes are supported by shifts or changes in the way we will do things in order to achieve those outcomes.</p>	<p>That council decides to change its strategic direction sometime in the next three years.</p>	<p>Low</p>
<p><b>COVID-19 disruption and recovery<sup>5</sup></b></p> <p><b>Government health restrictions -</b></p> <p>The COVID-19 pandemic has resulted in a global health and economic crisis that will have long lasting impacts for local governments across New Zealand.</p> <p>It is assumed that the uncertainty surrounding the impact on the New Zealand economy of the containment measures (Alert Levels 1-4) will continue to fluctuate over the next 3 years at least, which makes planning for the future more challenging. Rolling lockdowns will continue for some time to come which means the borders will remain closed or under tight management until at least the end of 2022. This means the resumption of international travel and tourism will generally</p>	<p>That vaccine rollout and efficacy will not be consistent across New Zealand or across other countries that interact with New Zealand, causing longer or intermittent border shutdowns. Recovery takes longer as a result.</p>	<p>Medium</p>

<sup>5</sup> See also Economic scenarios to 2030 – The post-COVID-19 scene, BERL, July 2020.

Forecasting assumption	Risk	Level of uncertainty
<p>remain depressed within Murihiku Southland for the next 3-5 years or more, but this will be longer for the cruise ship industry.</p> <p>Council will continue developing and delivering its programmes in the current recovery mode at Alert Level 1 but be ready to adapt to any change in alert levels.</p> <p><b>Economic impacts -</b> Decisions over the next three years will set the foundation for the community and economic recovery from COVID-19.</p> <p>COVID-19 containment measures have caused incredible disruption to supply chains, forcing people to cease production of non-essential goods and services. This fact is what makes the current economic crisis a supply side crisis. Council has lost access to tourism revenues from cruise ships, that are not likely to begin returning for a couple of years and then maybe not at the same volume as pre-Covid-19.</p> <p>Unemployment associated with this supply side crisis and the uncertainty associated with the potential of intermittent return to lockdown will continue to subdue the demand side of the equation. Locally however, small businesses and construction appear to be picking up.</p> <p>Monitoring the monthly economic activity data via the New Zealand Activity Index (NZAC)<sup>6</sup> will provide the council a sense of how the recovery is trending.</p> <p><b>Stimulus funding -</b> Central government is providing aid to Murihiku Southland's economic and social recovery by providing funding for so-called "shovel ready" projects that the council will provide local share funds toward. Council agreed to join with the Government in providing for these community resilience/flood protection projects around the region. The projects commence in 2021 and continue for 3-5 years. <i>Refer to Infrastructure Strategy.</i></p> <p><b>Behavioural trends –</b> The way people live and work changes with each Alert Level change. In the urban situation and where rural people commute to work in urban areas has seen a trend to "working from home". This trend also is seen in businesses where staff are asked to work remotely during the increase in Alert Levels. These types of trend are unlikely to change in the interim.</p> <p><b>Costs -</b> We assume that as a result of responding to recovery from COVID-19, operational costs will be neutral.</p>	<p>That the significant impacts on small and medium sized business will unlikely be mitigated until national borders reopen and manufacturing across the world returns to usual levels.</p> <p>That the projects and the jobs that are created by them, are not implemented and completed as scheduled.</p> <p>That the "working from home" trend remains for a high percentage of the workforce, creating different demands on traditional workplaces.</p> <p>Operational costs will not be neutral.</p>	<p>Medium</p> <p>Low</p> <p>Low</p> <p>Low</p>
<p><b>Adapting to climate change</b></p> <p>We assume that this suite of topics will continue to evolve over the term of the LTP, with a higher level of uncertainty on the implications for the Council's budgets and programmes. Apart from the regional community resilience projects which extend the life of the existing protection infrastructure to protect people, property and businesses from flooding, there will be other impacts over time from climate change, such as sea level rise. Adaptation is also crucially important to help minimise the social and economic impacts of climate change.</p>	<p>That impacts of climate change could be felt sooner than expected or be greater than assumed or predicted.</p>	<p>Medium</p>

<sup>6</sup> <https://treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/commentary#collection-group-heading-2>

Forecasting assumption	Risk	Level of uncertainty
<p>We will continue to advocate for steps to be taken to reduce risks where possible, minimise uncertainty, while building more resilient communities. The coastal communities and their associated infrastructure will be affected from storm surge and sea encroachment, which may mean managed retreat for the exposed sectors of those communities.</p> <p>At the regional level, ongoing collaboration with the territorial authorities through the Mayoral Forum, and other agencies will be needed during the planning period in order to ensure alignment of timing, community engagement, programmes and funding arrangements.</p> <p>At the national level, the Government through the Climate Change Commission will provide national direction and advice on reducing emissions and identifying the wider range of potential community effects of climate change policies, such as those reported by the Commission in August 2020<sup>7</sup>.</p>		
<p><b>Land use change</b></p> <p>There are defined growth pressures in some areas and growth opportunities in other areas of the region. Some of the impacts that may arise from those changes may include the issues of water availability and demand for productive purposes, land price and demand, export value of commodities on overseas markets (such as a lower milk price).</p> <p>Demand for increased productivity may result in some environmental impacts on soil health and water quality, and urban influences of discharges to freshwater and coastal water. Current farm management practices are likely to alter with the adoption of the freshwater management limits in the Water and Land Plan (estimated by 2025), which include changes to winter grazing methods and the introduction of Farm Plans. Matters like contaminant load reductions will be required over 2-3 decades, through a range of initiatives, innovations, and practice changes. The implications for the region are potentially significant but we do not have sufficient certainty at this stage to build budgets with any confidence.</p> <p>Intensification of dairy platforms or an increase in dairy conversions appears to be unlikely, in addition to an already reducing trend in dairy livestock numbers from the peak numbers in 2015 (2015 – 731,209; 2017 – 681,011 ex Stats NZ). The Climate Change Commission report released at the end of January 2021 recommends a 15% reduction in the numbers of dairy cows, beef cows and sheep by 2030 while maintaining current production levels.</p> <p>Little to no demand for urban growth onto highly productive soils in the region.</p>	<p>That assumptions of the degree of land use change are incorrect.</p>	<p>Medium</p>
<p><b>Regional growth</b></p> <p>The council has estimated that there will be a low percentage (i.e. &lt;2%) of regional growth each year in the first three years of the LTP.</p> <p>As well as tourism, the region’s economy is founded on fishing, forestry, agriculture and energy; all of which hold rich opportunities and potential for further growth. The Regional Development Strategy is to</p>	<p>Growth assumptions could be incorrect.</p>	<p>Medium</p>

<sup>7</sup> [National climate change risk assessment for New Zealand - Main report | Ministry for the Environment \(mfe.govt.nz\)](https://www.mfe.govt.nz/publications/national-climate-change-risk-assessment-for-new-zealand-main-report/)

Forecasting assumption	Risk	Level of uncertainty
<p>be revisited and the regional growth question will be readdressed to provide the region a greater level of certainty, post Covid-19.</p> <p>Rio Tinto announced in early 2021 that they intend to shut down the Tiwai aluminium smelter by 31 December 2024, applying an even greater level of economic and social uncertainty into the local community. The loss of up to 2,500 direct and indirect jobs associated with that closure will have a significant impact on the region. We have assumed that alternative growth and job opportunities will need to be developed and activated to try and retain those people within the region.</p>		
<p><b>Demographic assumptions</b></p> <p>Ageing will increasingly affect demand for services, including public transport and housing patterns. In the near future we will have many older people compared to younger and working age people to support them. There will be a 'tighter' labour market over the next 10 years as a result of an ageing population.</p> <p>Regional population growth overall is static or only increasing by a low percentage over each census period – 2006-2013 2.7%; 2013-2018 4.4%; 2018-2020 (estimate) 5.3%. That estimate aligns to the high range projections which show the regional population increasing and projected to be 104,600 by 2023 and 107,600 by 2028 (Stats NZ).</p> <p>Ethnic diversity is increasing in New Zealand. Within the next decade or so, the Asian population will come to equal the Māori population in size. This trend is expected to continue, meaning the way we have traditionally consulted with our communities may need to change.</p>	<p>Population growth assumptions could be incorrect.</p>	<p>Low</p>
<p><b>Organisational assumptions</b></p> <p>The Government has announced a significant review of the RMA which will most likely impact Council. We do not know what those impacts might be. For this reason, we have assumed a business as usual approach to all matters relating to the RMA. It is expected that any new legislation might be passed by the end of 2022<sup>8</sup> and would likely reduce the number of plans across the country.</p> <p>Various possible structural changes to local government are being muted. What form and shape these tentative changes would mean is unclear and so we have prepared the LTP on the basis of business as usual.</p>	<p>That changes to council structure and functions will significantly change costs and resourcing requirements.</p>	<p>Medium</p>
<p><b>Influence of tangata whenua</b></p> <p>We will continue to develop the long enduring relationship between the council and the four papatipu rūnanga in Murihiku specifically and with Māori more generally. The increasing partnership opportunities between local government in Murihiku and Ngāi Tahu will increase expectations of the council, for example over freshwater management, land and coastal matters.</p>	<p>That council cannot meet tangata whenua expectations and an increased level of service is required.</p>	<p>Low</p>
<p><b>Freshwater management</b></p> <p>Some of the decision-making for freshwater is to be shifted from regional councils to panels appointed by a Chief Freshwater Commissioner. New essential freshwater planning processes have been introduced (June 2020) and these changes will require a higher</p>	<p>That council cannot meet the timeline expectations for adoption of the new freshwater management regime.</p>	<p>Low</p>

<sup>8</sup> [RMA to be repealed and replaced | Beehive.govt.nz](https://www.beehive.govt.nz/news/rma-to-be-repealed-and-replaced)

Forecasting assumption	Risk	Level of uncertainty
<p>level focus by council on freshwater specific provisions and management practices. Until such time as further clarity is provided, we have prepared the LTP on the basis of business as usual.</p> <p>The council is moving towards Integrated Catchment Management (ICM) as a management tool. This method approaches sustainable resource management from a catchment-wide perspective, in contrast to a piecemeal approach that artificially separates land management from water management.</p> <p>A collaborative approach with tangata whenua is to be taken to implement the NPS Freshwater Management through three main steps by putting people at the centre of the process; learning from others; and setting limits on water take and discharges in the Water and Land Plan.</p>		
<p><b>Drinking water</b></p> <p>The council anticipates there will be changes to the way in which drinking water supplies are managed as part of the new 3 Waters legislation that will impact on regional councils, however the exact details and implications are still unclear. Until such time as clarity is provided, we have prepared the LTP on the basis of business as usual.</p>	<p>That the pending changes to the way in which drinking water supplies are managed will have cost and revenue implications that aren't budgeted.</p>	<p>Medium</p>
<p><b>Forecast return on South Port New Zealand Limited</b></p> <p>The Council's rate requirement is reduced by the level of dividend returned by South Port New Zealand Limited. We have assumed investment returns have been calculated at 26 cents per share. This is based on projected dividends.</p> <p>A change in circumstances of any of South Port's major suppliers could impact on its financial performance and ability to declare the level of dividend that Council expects to receive over the length of the LTP.</p>	<p>That investment does not return sufficient funds and general rates have to increase.</p>	<p>Medium</p>
<p><b>Forecast return on investments (excluding South Port New Zealand Limited)</b></p> <p>Investments are planned to return an average realisable income of 2.0% pa from managed funds. A balanced portfolio is applied. The general rate requirement is reduced by realised returns from the investments so any shortfall in these returns would likely increase general rates, while any excess returns could be utilised to offset future general rates or other decisions of Council.</p> <p>Managed funds investments are assumed to be allocated between New Zealand bonds, equities and cash, with equities held in both New Zealand and offshore markets to spread risk.</p>	<p>That investments do not return sufficient funds and general rates have to increase.</p>	<p>Medium</p>
<p><b>Cost factors</b></p> <p>We use best estimates to predict what things will cost in the future. This includes inflation estimates.</p> <p>We have used the Business and Economic Research Limited (BERL) Local Government Cost Index (LGCI) as a basis for estimating inflation, based on the "Faster Rebuild" scenario and by averaging the percentages in columns "Planning &amp; Regulation" and "Water &amp; Environment" in Table 4.15 (pg 20).</p> <p>2021/22            0% 2022/23            3.00%</p>	<p>That our assumptions of cost estimates are exceeded.</p>	<p>Low</p>

Forecasting assumption	Risk	Level of uncertainty
2023/24 2.95% 2024/25 3.00% 2025/26 3.00% 2026/27 2.75% 2027/28 2.95% 2028/29 2.90% 2029/30 2.90% 2030/31 2.70%		
<b>Interest rates on borrowings</b>  If the Council decides to draw down external loans for projects they will be subject to interest rates which we expect to be in the order of 2% per annum. The Council will likely use LGFA indicators to annually calculate the actual interest rate cost factors.	Interest rates increase over the term of the plan.  Interest rates are higher or lower than forecast.	Medium

## Significant negative effects

### Ngā Pānga Kino Nui

The following table lists the possible significant negative effects<sup>9</sup> that have been identified.

Group of Activities	Significant negative effects
<b>Air Quality</b>	There are no significant negative effects of providing these services.
<b>Water and Land</b>	Increasing costs and/or changes to current practise to meet changing freshwater environmental standards as set by regional policy and new legislative demands. Additional costs may fall on industry groups.
<b>Biosecurity and Biodiversity</b>	Biosecurity rules may impose land use restrictions or financial impacts on individuals within our communities.
<b>Climate Change and Community Resilience</b>	Management on land use activities through the Flood Protection and Drainage Management Bylaw 2020.  Making the change to more sustainable land management practices may have economic, cultural and social impacts for individual landowners.
<b>Coast and Marine</b>	There are no significant negative effects of providing these services.
<b>Regional Leadership</b>	There are no significant negative effects of providing these services.

<sup>9</sup> As required by Schedule 10, Clause 2, Local Government Act 2002.



# Council-controlled Organisations

## Ngā Pakihi a Te Kaunihera

A council-controlled organisation (CCO) can be a company, partnership, trust, arrangement for the sharing of profits, union of interest, co-operation, joint venture or other similar arrangement (excluding port companies) in which one or more local authorities, directly or indirectly, controls the organisation.

### Regional Software Holdings Limited

The Council is a shareholder in a council-controlled organisation with five other regional councils for the purposes of collaboratively developing and maintaining a software application suite for use by regional councils in the delivery of their activities under a long-term plan. The application suite being developed is called IRIS – Integrated Regional Information Software. This council-controlled organisation is a limited liability company.

A statement of intent prepared by the organisation forms the basis of key performance targets and other measures by which the performance of the council-controlled organisation may be judged. The vision and mission from that statement of intent are:

**Vision** - To provide a high-quality shared service for the regional council sector (and associated agencies) that delivers value to customers, shareholders and the sector.

**Mission** - Deliver shared solutions to the regional council sector along with collaborative outcomes through sector special interest groups to achieve:

- consistent, good-practice regional council specific processes and functions;
- value through economies of scale;
- greater influence for the sector with central government through cohesion and collaboration;
- reduced risk through ensuring continuity of supply and control of the destiny of regional council sector specific software.

By committing its share of the costs of development, the Council is contributing to the financing of the council-controlled organisation. The operating costs are recovered from the participating councils using an agreed recovery formula taking into account each councils size and use of the system. The Council will maintain its ownership interest in the council-controlled organisation as long as it continues to operate and the Council continues to utilise the products developed by the council-controlled organisation.

### Bluff Maritime Museum

Under the Museum Charitable Trust Deed, Invercargill City Council and Environment Southland appoint more than 50% of the Trustees of the Board so the museum is a Council-controlled organisation. We make an annual grant to the museum of \$20,000.

The Deed sees the Chairman, or nominee, and the Chief Executive appointed as Trustees who are responsible for setting the strategic direction for the Trust, approving the statement of intent and monitoring organisational performance.

Our participation in the museum is to encourage appreciation of the history of interaction by Murihiku Southland people with the coastal environment. The nature and scope of the museum are the provision of a facility that enables the collections, which focus on the Bluff and Foveaux Strait areas, to be stored, maintained and exhibited that ensure their long-term preservation, while providing a quality visitor experience.

## Great South – Southland’s Regional Development Agency

Great South was established as Murihiku Southland’s regional development agency in March 2019 and began full operations in July 2019.

Great South is a council-controlled organisation, jointly owned by Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, together with community shareholders Invercargill Licensing Trust, Maitaia Licensing Trust, Southland Chamber of Commerce, Southern Institute of Technology and its member Community Trust South.

From Great South’s 2021/22 Statement of Intent:

*Committed to driving economic, social and cultural growth, Great South has a clear mandate to leverage opportunities for Southland in the areas of economic and business development, tourism and events. This involves incorporating Southland’s regional tourism organisation, central government’s Regional Business Partner (RBP) Network, delivering a range of events, regional initiatives, and government-funded contracts that pave the way for regional development.*

*Through the essential support provided to Southland sectors and industries, Great South provides a unified voice for the region, establishes a strong platform for regional success and takes strides towards its clear vision of better lives through sustainable development.*

Great South has a memorandum of understanding with all four Rūnanga in Murihiku Southland.

Environment Southland contributes an annual financial share of \$180,000 to the CCO alongside the other funding partners.



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KEY POLICIES

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# Revenue and Financing Policy

## *Kaupapahere Moni whiwhi me te Pūtea*

This policy outlines the choices we have made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The requirements for a Revenue and Financing Policy are in the sections 102 and 103 of the LGA. Section 103 requires that the Revenue and Financing Policy must state its policies for:

- funding operating expenditure, and
- funding capital expenditure.

A local authority must manage its revenue, expenses, assets, liabilities, investments, and general financial dealings prudently and in a way that promotes the current and future interests of the community using the following criteria from the Act:

*“The funding needs... must be met from those sources that the local authority considers to be appropriate, following consideration of:*

- (a) *in relation to each activity to be funded-*
  - i. *the community outcomes to which the activity primarily contributes; and*
  - ii. *the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and*
  - iii. *the period in or over which those benefits are expected to occur; and*
  - iv. *the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and*
  - v. *the costs and benefits, including consequences for transparency and accountability of the activity distinctly from other activities; and*
- (b) *the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.*

*(Source: Section 101(3), Local Government Act 2002)*

We have considered the above before establishing this policy. Table 1 sets out a summary of our funding sources for operating and capital expenditure by activity. Our comprehensive Section 101(3) analysis is separately documented in the Funding Needs Analysis.

### 1. Contents

1. Contents
2. Guiding funding Principles
3. Operating expenditure funding sources
4. Capital expenditure funding sources
5. Consideration of overall effect of funding allocations
6. Summary of funding mechanisms used in Groups of Activities

Policy No.	Policy Sponsor	Approval Date and Date of Next Scheduled Review	Approved By		MORF Reference	Related Standards
B15.0	Executive	<b>Approved</b> – 23-24 July 2003 <b>Reviewed</b> –22 March 2006 <b>Reviewed</b> – 4 February 2015 <b>Reviewed</b> – 28 March 2018 Reviewed – 3 May 2021	Council     Council		A363045	-



## 2. Guiding Financial Principles

We have developed some principles to assist in making informed and consistent choices under the legal framework. The following principles have been developed and applied:

- We ensure the everyday costs for services to the region are met from everyday income.
- We ensure that where future ratepayers use assets created today, they will pay their share through our prudent use of debt.
- We maintain financial resilience by having funds, debt capacity and insurance sufficient to fund unplanned or unforeseen events.
- We clearly define service levels and deliver them in an efficient and effective, customer focussed manner, providing value for money.
- We charge on a cost recovery basis where we identify there is a private benefit and it is efficient to collect.
- We aim for rates to be affordable and equitable, with increases set to provide certainty to ratepayers.
- We manage our investment funds and other investments by taking a prudent approach to risk and return.

Complying with these principles can be challenging and compromise between principles is often required.

## 3. Operating expenditure funding sources

We have a number of funding source options<sup>10</sup> when considering the day-to-day funding of activities, programmes or projects. We use these funding sources, or a mix of them, to match each individual activity, programme or project on a discretionary basis. Table 1 sets out the general order of consideration starting with fees and user charges, with general funds being the last funding source to be considered.

**Table 1**

Funding Sources	Application by Environment Southland												
Fees and user charges	<p>User charges are applied to services where it is identified there is a benefit to an individual or group, or directly attributable cost. User charges are a broad group of fees charged directly to an individual or entity including, but not limited to:</p> <table border="0"> <tr> <td>▪ Service charges</td> <td>▪ Rent, lease, licenses for land and buildings</td> </tr> <tr> <td>▪ Hire</td> <td>▪ Planning and consent fees</td> </tr> <tr> <td>▪ Permits</td> <td>▪ Statutory charges</td> </tr> <tr> <td>▪ Regulatory charges</td> <td>▪ Retail sales</td> </tr> <tr> <td>▪ Fines and penalties</td> <td>▪ Landing fees</td> </tr> <tr> <td>▪ Private works</td> <td></td> </tr> </table> <p>The price of the service is based on a number of factors, including but not limited to:</p> <ol style="list-style-type: none"> <li>the cost of providing the service;</li> <li>the estimate of the users' private benefit from using the service;</li> <li>the impact of cost to encourage/discourage behaviours;</li> <li>the impact of cost on demand for the service;</li> <li>market pricing, including comparability with other councils;</li> <li>the impact of rates subsidies if competing with local businesses;</li> </ol>	▪ Service charges	▪ Rent, lease, licenses for land and buildings	▪ Hire	▪ Planning and consent fees	▪ Permits	▪ Statutory charges	▪ Regulatory charges	▪ Retail sales	▪ Fines and penalties	▪ Landing fees	▪ Private works	
▪ Service charges	▪ Rent, lease, licenses for land and buildings												
▪ Hire	▪ Planning and consent fees												
▪ Permits	▪ Statutory charges												
▪ Regulatory charges	▪ Retail sales												
▪ Fines and penalties	▪ Landing fees												
▪ Private works													

<sup>10</sup> Funding options are set out in section 103(2), Local Government Act 2002



Funding Sources	Application by Environment Southland
	<p>(g) cost and efficiency of collection mechanisms;  (h) the impact of affordability on users;  (i) statutory limits;  (j) other matters as determined by the Council.</p> <p>The ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service.</p> <p>Where goods or services are sold commercially, and taking into consideration legislative limitations, our preference is to charge a market price. This includes retail sales, leases, rents and licenses for land and buildings.</p> <p>Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.</p> <p>Revenue from user charges is allocated to the activity which generates the revenue.</p> <p>Mechanisms selected to fund a particular activity are based on a regular assessment of the efficiency of imposing multiple small charges compared to funding from a larger funding source such as general funds. However, there is a preference for individuals benefiting and causing costs to pay for the costs they impose. This means that individuals can become more aware of the impact their resource use choices have on the sustainability of our activities.</p>
Targeted rates	<p>Targeted rates are used for discrete activities which have a specific area of benefit, which is not as wide as the entire region, or for transparency purposes to fund a specific service. Targeted rates are not a substitute for a user charge but allow us to assist communities to collectively fund services that can only be delivered with collective funding. They are currently applied to Biosecurity, Land Sustainability and Catchment activities.</p> <p>Catchment rates apply a classification system which assesses relative benefits.</p> <p>We will determine whether surpluses or deficits for an activity funded by a targeted rate are general funds or targeted funds in the Reserves Policy.</p> <p>Differential rating may be used for specific projects.</p>
<p>General rates: Valuation base</p> <p>Uniform Annual General Charge</p>	<p>Applied to activities delivering wider community benefits using capital value.</p> <p>A Uniform Annual General Charge (UAGC) is a fixed rate per property. It is part of the total general rates and set at a level that we consider appropriate.</p> <p>The Local Government (Rating) Act 2002<sup>11</sup> limits rates set on a uniform basis, including the UAGC and targeted rates, to a maximum of 30% of total revenue sought from all rates.</p>
Grants and subsidies	<p>We receive grants and contributions from other organisations, including Government agencies and local authorities, to help fund some of the activities that may have national or local benefit. Where grants and subsidies are available, we will apply when it is considered</p>

<sup>11</sup> [Section 21, Local Government \(Rating\) Act 2002](#)

Funding Sources	Application by Environment Southland
	beneficial to do so. Where funding applications are successful or where long-term contracts have grants and subsidies, the funds are used for that purpose.
Investment income (interest and dividends)	<p>Our managed fund investments return;</p> <ul style="list-style-type: none"> <li>• realised income from interest and dividends; and</li> <li>• unrealised income and / or losses being the change in the investment value.</li> </ul> <p>The realised managed fund investment income is budgeted to;</p> <ul style="list-style-type: none"> <li>• firstly, maintain the value of certain reserves; and then</li> <li>• reduce the general rate, unless resolved otherwise.</li> </ul> <p>The annual cash dividend received from South Port NZ Ltd is generally used in part or full to reduce the general rate as planned in the LTP or Annual Plans.</p> <p>More information on the policies for investment income is in our Treasury Management Policy.</p>
Debt	<p>We use debt to fund operating costs when we consider it is prudent to do so, for;</p> <ul style="list-style-type: none"> <li>• working capital requirements and short-term funding gaps;</li> <li>• certain operating expenses or overall operating cash deficits as planned in the LTP and Annual Plans;</li> <li>• unplanned expenditure e.g. opportunities, weather events and emergencies.</li> </ul>
Proceeds from asset sales	<p>Proceeds from asset sales are applied to the replacement of assets. Where assets are used for a particular purpose and will not be replaced in the year of sale, the proceeds are put into the reserve for that activity. Proceeds are accounted for as sale proceeds and as a transfer to reserves.</p>
Lump sum and development contributions	<p>We do not use lump sum or development contributions as sources of revenue.</p>
Financial contributions	<p>Section 108(2)(a) of the RMA authorises us to include as a resource consent condition, a financial contribution for purposes as stated in a regional plan. These are provided for in the Regional Coastal Plan and the Regional Water and Land Plan and may be applied on a case-by-case basis.</p>

#### 4. Capital expenditure funding sources

Capital expenditure is money spent on building assets which have a long life and long term benefits. The level of capital expenditure over the period of a LTP is relatively minor compared to operating expenses. We take a long-term view to funding services and assets on a sustainable basis.

While funding of new assets is generally from debt, reserve funds and rates (general and targeted), we will determine on a case-by-case basis the appropriate allocation of funding sources to new capital expenditure, having considered the requirements of s101(3)(a) and (b).

We fund replacement and renewed assets such as buildings, plant and vehicles with rates (depreciation), asset sales and reserve funds.

## 5. Consideration of overall effect of funding allocations

We are required by section 101(3)(b) of the LGA to consider “the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community”. This section allows that as a final measure, we may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for both operating and capital expenditure.

The following adjustments have been made:

- (a) the allocation of the rates liability between sectors of the rating base may be altered by the use of the Uniform Annual General Charge (UAGC). We may modify the amount of the UAGC during the term of the LTP to reflect a change in benefit or to achieve better community outcomes or wellbeing;
- (b) the allocation of the rates liability between sectors of the rating base may be altered by the transfer of the rate revenue requirement between capital value and land value rates. This modification would generally be considered after the calculation of the rate revenue requirement for activities and in itself is not a reallocation of activity costs but an adjustment to achieve better community outcomes or wellbeing which include that ratepayers receive changes in rates consistent with others;
- (c) we may waive or discount fees and charges where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons, the promotion of events and facilities, commercial reasons, poor service or to minimise risk;
- (d) we may remit rates where it is considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policy (including Māori Freehold Land). These policies address social, economic, environmental or cultural matters;
- (e) we may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers;
- (f) marine fees revenue has been a large source of external revenue. The funding from this supports part of our Coast and Marine Group of Activities. The 2020 pandemic resulted in the cruise ship industry stopping. In the 2021 year we received little income and were able to use reserves built up from previous years’ surplus marine fees to continue to fund the activity. From Year 1 (2022) we are unable to fund all of our expenses from the remaining reserve. We will make an adjustment to our funding of operational costs for this activity to fund any shortfall from debt and/or general surpluses until such time as marine fee income returns to a level to cover our costs and rebuild reserves;
- (g) investment income is not directly allocated to activities and is held in general funds. We decide annually any portion that will be allocated to activity reserves and whether a portion will be used to reduce the general rate.

## 6. Summary of funding mechanisms used in Groups of Activities

The above funding sources as described were considered when determining the funding required from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by Section 101(3)(a).

Table 2 shows the degree (expressed as a range) to which each funding source is used to fund operating costs following the s101(3)(a) assessment. This s101(3)(a) assessment has been modified by the s101(3)(b) assessment.

The ranges in Table 2 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.

**Table 2**

Activity Groups	Activities	Fees and Charges	Other Income (incl. Grants and Subsidies)	Targeted Rate	General Rate (incl. UAGC and General Funds)
Air Quality	Regulation and Planning				100%
	Science, Research and Monitoring	0% - 20%			80% - 100%
	Community Engagement and Education				100%
	Partnerships		0% - 20%		80% - 100%
Water and Land	Regulation and Planning				100%
	Science, Research and Monitoring	0% - 20%			80% - 100%
	Community Engagement and Education			100%	
	Partnerships		0% - 20%		80% - 100%
Biosecurity and Biodiversity	Regulation and Planning			40% - 60%	40% - 60%
	Science, Research and Monitoring	0% - 20%		80% - 100%	
	Community Engagement and Education			100%	
	Partnerships		20% - 40%	60% - 80%	
	Operations			100%	
Climate Change and Community Resilience	Regulation and Planning				100%
	Science, Research and Monitoring	0% - 20%			80% - 100%
	Community Engagement and Education		0% - 20%		80% - 100%
	Partnerships		80% - 100%		0% - 20%
	Operations				
	- River Works			60% - 80%	20% - 40%
- Land Drainage			80% - 100%	0% - 20%	
- Catchment Planning			60% - 80%	20% - 40%	
Coast and Marine	Regulation and Planning		100%		
	Science, Research and Monitoring	0% - 20%	80% - 100%		
	Community Engagement and Education		100%		
	Partnerships				100%
	Operations				
- Harbours	100%*				
- Marine Oil Spill Response		100%			
Regional Leadership	Regulation and Planning				100%
	- Regional Planning				40% - 60%
	- Consents and Compliance	40% - 60%			
	Community Engagement and Education				100%
	Partnerships		0% - 20%		80% - 100%
Governance				100%	
Operations			100%		

\* The Harbour management activity is usually funded by cruise ship fee income but the COVID-19 pandemic has meant that from the 2020/21 cruise season, no income will come from that source until the industry re-establishes. In the meantime, the Marine Fee Reserve funds will be used until exhausted and then funds will be drawn in the interim from General Funds.

The Revenue and Financing Policy and Funding Needs Analysis uses bands to show the range in which we are budgeting revenue. The final setting of rates is based on the Funding Impact Statements for the relevant year.

### References

- The Funding Needs Analysis, required by Section 101(3), provides the background and analysis to explain the funding decisions we have made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
- The Financial Contributions Policy explains why we have chosen to use financial contributions to fund activities.

- The Treasury Policy places restrictions on the use of debt and the proceeds from asset sales, investment income and capital.
- The Funding Impact Statement is included in each LTP and Annual Plan as required by LGA clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation for each year.

Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

# Statement of Accounting Policies

## Summary of accounting policies

### Reporting entity

Southland Regional Council is a Regional Council governed by the Local Government Act 2002.

The entity being reported on is the Southland Regional Council. Environment Southland (“the Council”) is the brand name of the Southland Regional Council.

The prospective financial statements do not include the consolidated prospective financial statements of South Port New Zealand Limited (Council’s Subsidiary) because the Council believes that the parent prospective financial statements are more relevant to users. The level of rate funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from those subsidiaries. Distributions received from Council’s subsidiary South Port New Zealand Limited are included in the prospective financial statements of the Council.

The primary objective of the Council is to provide goods or services for the community for social benefit rather than making a financial return. The Council has designated itself as a public benefit entity for financial reporting purposes.

The prospective financial statements of Council are to be adopted by Council on 30 July 2021.

### Basis of preparation

The preparation of prospective financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The prospective financial statements have been prepared on the basis of historical cost except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The prospective financial statements are presented in thousands of New Zealand dollars. New Zealand dollars are the Council’s functional currency. All values are rounded to the nearest thousand dollars (\$000). As the numbers are presented in thousands small rounding differences may occur. These rounding differences are considered immaterial to the prospective financial statements as a whole. Comparative figures may be reclassified to reconcile with additional disclosures made in the current financial year.

### Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 95 and Part 2 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The prospective financial statements comply with Public Benefit Entity (PBE) standards. The prospective financial statements have been prepared in accordance with Tier 1 PBE standards.

The Council has breached Section 93(3) of the Local Government Act 2002, as this Long-term Plan document was not adopted before the commencement of the first year to which it relates.

## Significant accounting policies

### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable and represents receivables for goods and services provided in the normal course of business, net of discounts and GST.

### Adoption of New and Revised Standard and Interpretations

All mandatory new or amended accounting standards and interpretations were adopted in these prospective financial statements, including:

- PBE IPSAS 34: Separate Financial Statements
- PBE IPSAS 35: Consolidated Financial Statements
- PBE IPSAS 37: Joint Arrangements
- PBE IPSAS 39: Employee Benefits

None had a significant impact on these prospective financial statements.

### Revenue from non-exchange transactions

#### (a) Rates revenue

Rates are recognised as income when levied.

#### (b) Grant revenue and subsidies

Grants and subsidies are recognised upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. Government grants are recognised as income when eligibility has been established with the grantor agency.

### Revenue from exchange transactions

#### (a) Interest revenue

Interest revenue is recognised on a time proportionate basis using the effective interest method.

#### (b) Dividend revenue

Dividend revenue is recognised when the right to receive payments is established on a receivable basis.

#### (c) Rental income

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

### Other revenue – full cost recovery

The revenue from services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Fees and charges are recognised as income when supplies and services have been rendered.

Revenue relating to contracts and consent applications that are in progress at balance date is recognised by reference to the stage of completion at balance date.



Fees received from the following activities are recognised as revenue from exchange transactions:

- resource consent processing;
- pest animal contract work;
- grazing leases;
- consent monitoring;
- dividends, interest and rental income.

#### Other gains and losses

Net gains or losses on the sale of investment property, property plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that the Council will receive the consideration due.

#### Taxation

The Council itself is not subject to income tax.

#### Goods and services tax

All Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### Statement of cash flows

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### Financial instruments

Financial assets and financial liabilities are recognised on the Council's prospective Statement of Financial Position when the Council becomes a party to contractual provisions of the instrument.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss which are initially valued at fair value.

#### Financial assets

Financial Assets are classified into the following specified categories: financial assets "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### (a) Effective interest method

The effective interest method referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

##### (b) Financial assets at fair value through surplus or deficit

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

- has been acquired principally for the purpose of selling in the near future;

- is a part of an identified portfolio of financial instruments the Council manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through surplus or deficit are stated at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Revenue and Expense and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

The Council has classified their managed funds as financial assets at fair value through surplus or deficit. This fund includes cash, bonds and equities. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the surplus (deficit).

(c) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in surplus for the year.

(d) **Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus for the year.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus for the year to the extent the carrying amount of the investment at the date of impairment does not exceed what the amortised cost would have been had the impairment not been recognised.

## Financial liabilities

### (a) Trade and other payables

Trade payables and other accounts payable are recognised when the Council becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

### (b) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Borrowing costs attributable to qualifying assets are capitalised as part of the cost of those assets.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the surplus/(deficit) over the period of the borrowing using the effective interest method.

## Derivative financial instruments

The Council does not hold derivative financial instruments.

## Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis with an appropriate allowance for obsolescence and deterioration.

## Property, plant and equipment

The Council has the following classes of property, plant and equipment:

### (a) Operational assets

Operational assets include council owned land, buildings, rental land, rental buildings, motor vehicles and other plant and equipment

### (b) Infrastructural assets

Infrastructural assets deliver benefits direct to the community and are associated with major flood protection and land drainage schemes. Infrastructural assets include flood banks, protection works, structures, drains, bridges and culverts

## Cost

Property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

## Depreciation

Operational and infrastructural assets, with the exception of land, are depreciated on either a straight-line or diminishing value basis depending on the class of asset. Rates are calculated to allocate the cost depending on the class less estimated residual value over their estimated useful life.

The nature of infrastructural stopbanks and earthworks assets is considered equivalent to land improvements and as such they do not incur a loss of service potential over time. Accordingly, stopbanks and earthworks assets are not depreciated. Other infrastructural assets are depreciated on a straight-line basis to write off the cost of the asset to its estimated residual values over its estimated useful life.

Expenditure incurred to maintain these assets at full operating capability is charged to the surplus/(deficit) in the year incurred.

The following estimated useful lives are used in the calculation of depreciation:

Asset	Life
<b>Operational assets</b>	
Land	Unlimited
Buildings	2% - 10% DV
Rental land	Unlimited
Rental buildings	2% - 10% DV
Other plant and equipment	2.5% - 15% DV/SL
Motor vehicles	15% SL
<b>Infrastructural assets</b>	
Stopbanks and earthworks	Unlimited
Bridges	1% SL
Large culverts	1% - 2.5% SL
Tide gate structures	1% - 2.5% SL

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

#### Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus for the period the asset is derecognised.

#### Impairment of property, plant and equipment

At each reporting date, the Council reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in surplus for the year immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in surplus for the year immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **Employee entitlements**

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

### **Superannuation schemes**

Obligations for contributions to Kiwisaver schemes are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

### **Provisions**

Provisions are recognised when the Council has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### **Equity**

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity consists of a number of reserves to enable clearer identification of the specified uses that the Council makes of its accumulated surpluses.

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

The components of equity are: lease area balances, special reserves, rating district balances, and retained earnings.

### **Restricted and council created reserves**

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

**Foreign currency**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in surplus for the year in which they arise.

**Budget amounts**

The budget amounts are those approved by the Council at the beginning of the year in the LTP/Annual Plan. The budget amounts have been prepared using accounting policies that are consistent with those adopted by the Council for the preparation of the prospective financial statements. The budget figures are for Council only and do not include budget information relating to subsidiaries.

**Allocation of overheads**

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Where possible costs are charged or allocated directly to the beneficiary of the service. The remaining indirect costs have been allocated on the following basis:

Corporate Management	- per staff member
Information Technology	- per computer
Council Servicing/Secretarial Administration	- allocated according to estimated use of services
Administration	- per staff member
Finance	- per staff member

**Critical accounting estimates and assumptions**

In preparing these prospective financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

**Critical judgements**

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are discussed below:

- **The effect of COVID-19 pandemic**  
On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Economic uncertainties have arisen which have negatively affected the operations and services of the Council and made planning for the financial future a challenge.

The COVID-19 pandemic affected some of our usual revenue sources. In particular, we effectively lost all of the marine fees, which are generated predominately from visiting cruise ships. We continue to face uncertainties on a local, national and global scale.

The underlying assumption in the prospective financial statements is that other than the anticipated loss of income, Council operations will be able to continue as usual.

#### **Classification of property**

The Council owns a number of properties that are held for service delivery objectives as part of the Council's various flood protection schemes. The receipt of market based rental from these properties is incidental to holding these properties. These properties are accounted for as property, plant and equipment.

#### **Prospective financial information**

The financial information contained within this document is prospective financial information in terms of accounting standard PBE FRS 42 and complies with the standard. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flow of the Council. The actual results achieved for any given financial year are likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period. The prospective financial information is prepared in accordance with Section 93 of the Local Government Act 2002. The information may not be suitable for use in any other capacity.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

#### **PBE IPSAS issued but not yet effective**

PBE IPSAS 41 was issued in August 2018 and is based on PBE IFRS 9 Financial Instruments. PBE IPSAS 41 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 is effective for the annual period beginning on or after 1 January 2022, with early application permitted. The main changes under PBE IPSAS 41 are:

- new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost;
- a new impairment model for financial assets based on expected losses which may result in the earlier recognition of impairment losses;
- revised hedge accounting requirements to better reflect the management of risks.

The standard has been applied to the prospective financial statements from the date of mandatory adoption. The new standard does not have a significant impact on the proposed financial statements.



# Significance and Engagement Policy Summary

## Kaupapahere Hiranga me te Whakawhitiwhiti

Under the Local Government Act 2002, we are required to adopt a Significance and Engagement Policy<sup>12</sup>. The policy contains a list of our strategic assets and guidance for engaging with the community and tangata whenua in Murihiku.

### Purpose and Scope

1. To enable us and our communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
2. To provide clarity about how and when communities can expect to be engaged in decisions made by us.
3. To inform us from the beginning of a decision-making process about the extent, form and type of engagement required.

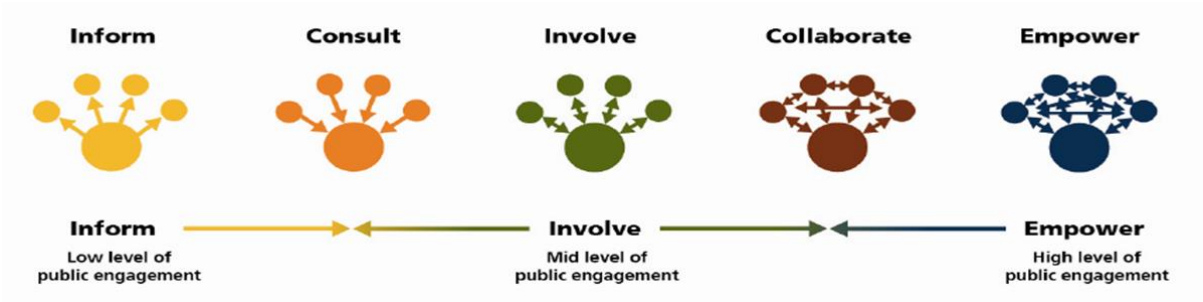
### Policy

1. Engaging with the community is needed to understand the views and preferences of people likely to be affected by, or interested in, a proposal or decision.
2. An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision-making occurs and, if necessary, reconsidered as a proposal develops.

### Engagement Options

The Policy uses the International Association for Public Participation (IAP2) Public Participation Spectrum as the basis to provide engagement tools and techniques for our interaction with the community and with tangata whenua in Murihiku. The engagement spectrum for engaging with tangata whenua reflects the relationship and arrangements set out in the Charter of Understanding, which was developed to help provide the basis for Māori to contribute to the decision-making process.

The engagement model (below) is adapted from the IAP2 Spectrum to show the possible types of engagement that could be used by the Council.



A full copy of the Policy is available on the Council’s website – [www.es.govt.nz](http://www.es.govt.nz).

<sup>12</sup> Section 76AA, Local Government Act 2002.